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ABSTRACT

Hearings on the promotion and purchase of fraudulent credentials are presented, along with the results of an inquiry conducted by a Subcommittee of the Select Committee on Aging of the House of Representatives. Cases of persons who obtained fraudulent credentials and/or illegally practiced a profession are described. Testimony from state licensing boards, national organizations, universities, and federal agencies is included. The subcommittee's inquiry involved: a review of credential fraud case histories, surveying state licensing boards and colleges, information from the U.S. Postal Service, review of publications relating to credentialing abuses since 1980, and responding to ads on obtaining degrees through the mail to determine whether these ads lived up to their promises. Fraudulent promotion and purchase of academic degrees was found to be widespread: about 500,000 Americans have secured, and many are employed on the basis of, credentials they purchased but did not earn. This includes 10,000 doctors, or one in every 50, who practice with falsified or questionable credentials. Older persons, who are frequent users of health care services, are particularly at risk of being treated by falsely certified health care providers. Appendices include the Select Committee on Aging report, "Fraudulent Credentials." A small selection of graphics supplements the text. (SW)

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FRAUDULENT CREDENTIALS

JOINT HEARING

BEFORE THE

SUBCOMMITTEE ON HEALTH AND LONG-TERM CARE

AND THE

SUBCOMMITTEE ON
HOUSING AND CONSUMER INTERESTS

OF THE

SELECT COMMITTEE ON AGING
HOUSE OF REPRESENTATIVES

NINETY-NINTH CONGRESS

FIRST SESSION

DECEMBER 11, 1985

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FRAUDULENT CREDENTIALS

WEDNESDAY, DECEMBER 11, 1985

HOUSE OF REPRESENTATIVES, SUBCOMMITTEE ON HEALTH AND LONG-TERM CARE, AND SUBCOMMITTEE ON HOUSING AND CONSUMER INTERESTS, SELECT COMMITTEE ON AGING,

Washington, DC.

The subcommittees met, pursuant to notice, at 9:10 a.m., in room 2318, Rayburn House Office Building, Hon. Claude Pepper (chairman of the Subcommittee on Health and Long-Term Care) and Hon. Don Bonker (chairman of the Subcommittee on Housing and Consumer Interests) presiding.

Members present: Representatives Roybal, Pepper, Bonker, Lloyd, Wyden, Gordon, Hammerschmidt, Regula, Boehlert, Lightfoot, and Schuette.

Staff present: Kathleen Gardner Cravedi, staff director; Melanie Modlin, assistant staff director; Peter Reinecke, research director; Patricia Butch, congressional fellow; Karen Wedding, intern; Harold Wallach, GAO detailee; Mark Benedict, minority staff director; Lori Lightfoot, minority assistant staff director; and Jon Stuckey, intern; of the Subcommittee on Health and Long-Term Care. Michael Rodgers, majority staff director; Gretchen Sorensen, professional staff member; Susan Able, professional staff member; Patricia Lawrence, minority staff director; and Janet Porush, minority staff assistant; of the Subcommittee on Housing and Consumer Interests.

OPENING STATEMENT OF CHAIRMAN CLAUDE PEPPER

Mr. **PEPPER**. Ladies and gentlemen, members of the subcommittee, I want to begin this morning by commending my distinguished colleagues, especially Hon. Don Bonker, for joining me in conducting this inquiry into the promotion and purchase of fraudulent credentials.

I called upon Don Bonker to assist our subcommittee when our ongoing investigation determined that older Americans, and all Americans for that matter, are victimized by phony professionals in literally every profession imaginable. His expertise in the area of consumer protection was clearly called for as our review extended beyond the health care field.

My Subcommittee on Health and Long-Term Care first examined the issue of fraudulent practitioners at a December 1984 hearing on phony doctors. We learned that as many as 10,000 doctors around the country were operating with fraudulent or bogus medical credentials and doing a thriving business. You remember Mr.

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Pedro de Mesones told the subcommittee how he made $1.5 million in 3 years selling medical credentials to some 165 people.

We also learned of the tragic consequences that could result from phony practitioners. Mrs. Loretta Branda told us about her husband, Mr. Jerome Branda, who is now irreversibly brain dead. During a routine operation upon this man, the anesthetist—that is, he called himself an anesthetist—a phony doctor, failed to notice that Mr. Branda's heart stopped beating for 4 minutes. Today, we will hear that this so-called anesthetist either wasn't looking or didn't know what to do when the patient's heart stopped, and the other doctors and nurses were busy with the operation and didn't happen to notice until 4 minutes had elapsed that the man's heart had stopped. They were able to get his heart started again but not before irreversible brain damage had occurred.

So, unfortunately, this problem has not diminished. Rather, new cases will be brought to our attention today involving over 1,000 phony medical practitioners recently uncovered by the USPS and New York State.

In the wake of the December 1984 hearing and its findings, the subcommittee received numerous letters and calls from all over the United States regarding the experiences with phony practitioners people were having. We were surprised to find that the problem was not limited just to the medical discipline—it is all across the professional spectrum.

I asked my staff to undertake a thorough investigation. In the course of this inquiry, the following steps were taken:

A review of all credential fraud case histories was received by the subcommittee, either directly or by request from State licensing boards and 250 college and university registrars.

We analyzed data received in response to questionnaires sent to all State licensing boards and 250 of the Nation's most prestigious colleges.

We requested and obtained detailees to the subcommittee from the U.S. Postal Service, one of the Federal agencies vested with the primary enforcement authority over the mail fraud statute, and basically they do a good job.

Reviewed all books, periodicals and newspaper articles relating to credentialing abuses for the last 5 years.

And responded to numerous advertisements in literally hundreds of publications to determine firsthand whether the advertisements lived up to the promises made.

The results of our investigation were truly disturbing. We found that the promotion and purchase of academic degrees in a fraudulent fashion is widespread and increasing—about 500,000 Americans have secured, and many are employed on the basis of, credentials they purchased but did not earn. As noted above, this includes 10,000 doctors, or one in every 50 physicians, practicing with falsified or questionable credentials. This does not include about 30 million Americans, or one in three employed Americans, who may have been hired on the basis of a resume which has been altered or embellished.

We found that phony degree seekers pay anywhere from $5 for a simple "outstanding service" citation to $28,000 for a medical degree complete with transcript, diploma, letters of recommendation, and an employment verification service.

The victim of such fraud is society: those employees who rely on empty credentials are cheated; so too are patients, clients and colleagues of such paper practitioners; and some legitimate "schools without walls" are also the victims of such exploitation.

Unfortunately, older Americans are the most common victims of the most dangerous type of fraudulent medical practitioner—as seniors utilize health services three times more often than people below 65 years of age; and they are hospitalized at 2½ times the rate of those under that age. Older Americans pay the lion's share of the public portion of our Nation's health care bill and, therefore, are more likely to line the pockets of phony doctors and other health practitioners than any other segment of our population.

The logical question at this point is, why do people seek out these types of degrees? Obviously, it is simply for the purpose of increasing their prestige, their employability, and making them appear more qualified than they otherwise are.

You will be fascinated to learn, as I was, the facility with which a degree can be purchased in the United States today. In an effort to determine how a degree can be promoted and purchased, my subcommittee staff was able to secure for me, in the name of C.D. Pepper, a Ph.D. in psychology. In a step-by-step analysis of the process by which the degree was obtained, to be presented following this testimony—it will be presented by a member of the staff—you will learn that no testing of my competency for this Ph.D. took place, that classes were never attended, the facility never seen, and absolutely no learning was required. The only requirement was that a check for about $1,800 be sent. So now along with my Harvard doctor of jurisprudence degree, I have this Ph.D. degree that we will show you a little while later.

As astonishing as my degree might sound, the Subcommittee on Health and Long-Term Care found that establishing a degree-granting university was almost as easy.

During the course of its investigation, the subcommittee established its own educational guidance firm, its own university, and its own accreditation agency. The subcommittee also placed an advertisement in a Washington, DC newspaper for our "services," to test the market for bogus credentials. The subcommittee discovered that in a week's time a full accredited degree-granting institution could be created and begin receiving students. All this could be done with no questions raised about the background of faculty, the school's curriculum, or the legitimacy of accreditation. It is interesting to note that all of the above-mentioned activities were within the boundaries of the law in certain States.

It is not necessarily illegal for a mail order school to be established. It becomes illegal when it can be proven that the school does not provide a learning experience nor the testing of competency which the degree from the mail order institution suggests.

Similarly, it is not necessarily illegal for an individual to purchase a bogus credential from an illegal institution. It becomes illegal, our subcommittees learned, when it is put to fraudulent use. This same standard must also be met by a prosecutor in convincing a court that the mail or wire fraud statutes have been violated.

Those are the primary statutes employed against those selling and using a fraudulent credential in the United States today.

Some aspects of fraudulent credentials are laughable. Some, on the other hand, are tragic.

In one California case, a man who claimed to be a doctor but was not, ingratiated himself into the affections of an elderly lady who he found had considerable money, something like $150,000. Shortly after he had won this lady's confidence, he induced her to stop taking the heart medicine that her bona fide doctor had prescribed for her. Shortly after she quit taking the medicine she died—and he is the adopted son and received the $150,000 that the lady had in her estate.

Another one here in Washington—a fellow who showed up in court and offered himself as a lawyer for a client who had no lawyer. He served for some time in the Washington court, but it was discovered that he wasn't a lawyer at all, he was an auto mechanic—here in Washington—but he had been getting away with being a lawyer and serving as a lawyer in court.

A New York man posed as a dentist to gain employment at a dental clinic. He had never attended medical school or dental school. During his tenure he treated 20 patients, including installing braces and performing other complex tasks. I don't know what the quality of his work was but for a time he got away with it.

So witnesses today will present similar stories of deception at the hands of phony professionals.

I should like to add that examples of abuse at the hands of phony practitioners were not confined to persons working in the private sector. The FBI, during its operation Dipscam, uncovered numerous instances in which degrees had been purchased from employees of the following Federal agencies: the Departments of Defense, Army, Navy, Air Force, Labor, Justice, Commerce, Treasury, State, Postal Service, Small Business Administration, and the Veterans' Administration. We will be interested to learn what action has been taken with regard to these phony professionals.

What can be done to curb the proliferation of fraudulent credentials? No. 1 At a minimum, because the mails are the primary means through which phony degrees are sold, the Congress should strengthen the mail fraud statute by increasing penalties from fines of $1,000 per violation and/or jail sentences of up to 5 years for a violation, to $10,000 and 15 years per violation; No. 2 as a way of assisting the States in their efforts to identify and discipline phony practitioners, the Congress should consider legislation creating a national computerized clearinghouse on phony credentials; No. 3 as the General Accounting Office [GAO] has recommended in past reports, the Congress should take whatever steps necessary to ensure that all physicians practicing in the United States and abroad, regardless of origin of education, meet acceptable standards of medical education. By the way, it would be well for all hospitals and medical groups to check up on the credentials, of those with whom they are hiring or employing. Anyone who has bona fide credentials would not resent it, or shouldn't, in an effort to be sure that phonies do not creep into the operation. What they usually do at a hospital, these imposters, they come in at a lower level, when there is not much scrutiny of the personnel, and then they make themselves personable and gain a measure of confidence and gradually work themselves up. That is what that anesthetist who was responsible for the man's brain death did, he started off in a humble way and gradually won confidence, and worked on up until he became the responsible anesthetist for that hospital. Each State should have an enforcement agency particularly devoted to this kind of fraud.

From their investigation, these subcommittees conclude that the American public will continue to fall prey to "paper" professionals unless corrective action is taken.

I again want to thank my distinguished colleague, the Hon. Don Bonker, and all my other colleagues who are here this morning for their participation in this hearing.

Now the Chair will be pleased to recognize my distinguished colleague, the Hon. Don Bonker.

STATEMENT OF CHAIRMAN DON BONKER

Mr. BONKER. As chairman on the Subcommittee on Housing and Consumer Interests, it is really a pleasure to join Dr. Pepper in conducting these hearings today. I might add that it is only appropriate that the chairman of the House Rules Committee have a doctorate in psychology.

Chairman Pepper, as usual, you have a sense of timing and priority as we deal with these hearings today on fraudulent credentials. I want to commend our committee staffs for the enormous work they have done in investigations and the preparation and material that we have before us today.

The prevalence of fraudulent credentials and bogus degrees, as you noted, has become a serious national problem. Our staff investigations has shown that the diploma mills are flourishing today as never before, and are being fueled by high profits and the relative ease of peddling such phony credentials. Further, this investigation has revealed that as many as 500,000 Americans may possess fraudulent credentials. Unfortunately, the real victims of these scams are the elderly who are especially vulnerable when it comes to medical practitioners. Our study has shown that as high as 60 percent of the patients who are served by phony medical practioners are over the age of 65. Thus, as a Select Committee on Aging, we have a strong interest to insure that the well-being of older citizens is protected.

As most of us know, it is the States that license and regulate the various professions. Our subcommittee has learned that there is a great deal of disparity which exists among the States as they attempt to license and regulate these occupations. I am going to cite just a few very brief examples, Mr. Chairman, for the benefit of the panel members and those who are attending this hearing.

All States license barbers and cosmotologists, and yet not all States license psychologists and physician assistants. Kentucky, we are informed, licenses watchmakers and auctioneers but does not require licenses for psychologists. The great State of Maine licenses tree surgeons and movie projectionists while not requiring the same of ambulance attendants or occupational therapists. I don't needlessly want to, have single out the home State of our distinguished ranking Member from Arkansas, Mr. Hammerschmidt, but I am informed that they require licenses for bug exterminators but have no similar requirement for opticians.

Thus, from State to State, there are very divergent requirements to license certain professions but not others. Hopefully this hearing will begin to raise the issue of these license disparities, the fraudulent diplomas, and the perpetration of this kind of activity upon elderly citizens of our country.

Our role in the Federal Government must include the resolve to continue to raise the issue, and prod States to upgrade their licensing procedures and stiffen the penalties against those who engage in such fraudulent practices.

Mr. Chairman, as always, it is a pleasure to join you in these hearings. I understand that we have excellent witnesses from those who are the victims, the buyers of fraudulent credentials. We have one inmate who has been involved in brokering the fraudulent diplomas. We will hear from State officials who deal with licensing procedures, and finally, hear from the Postal Inspector and the FBI and other Federal agencies who have been monitoring this problem.

I am very much looking forward to our hearing today.

Mr. **Pepper**. Thank you very much, Mr. Bonker.

Mr. Regula.

Mr. **Regula**. Thank you, Mr. Chairman. I would like to defer to my colleague, Mr. Hammerschmidt. He has another time commitment.

Mr. **Pepper**. Delighted to recognize my long-time friend and colleague, Mr. Hammerschmidt.

STATEMENT OF REPRESENTATIVE JOHN PAUL HAMMERSCHMIDT

Mr. **Hammerschmidt**. Thank you, Mr. Chairman.

I thank you for holding these hearings today so that we can examine the proliferation of fraudulent credentials and degrees and their damage and potential for continued damage to the citizens of this Nation. Fraudulent practitioners can be found in every occupation. I was listening to your statement and I wondered why that auto mechanic would want to lower his economic station in life by becoming a lawyer.

It is disturbing to find that health care is one of the most sought after fields for those who obtain fraudulent credentials. At a hearing held last year by the Health and Long-Term Care Subcommittee, as you know, it was found that 150 to 200 fraudulent credential mills are in existence in the United States, certifying persons wishing to work in medical-related fields. Because older persons, as my distinguished friend, Mr. Bonker, said, use health care services three times more often than do younger persons, they are at a far greater risk of being treated by a falsely certified health care professional.

On a more personal, parochial note, I was pleased to see that in the chairman's survey of State medical licensing boards the State of Arkansas was one of six States not receiving complaints regarding the authenticity of physicians' credentials.

I was surprised to hear that statement about opticians because I know we do have a State optometry board. I don't know exactly how they function but I am sure there is some sort of a licensing provision, but it is something that I want to look up and be sure and put the facts in the record.

I also want to note, Mr. Chairman, that the Subcommittee on Oversight and Investigations of the Veterans' Affairs Committee, on which I serve, held a hearing on September 12 on the licensing of physicians working in Veterans' Administration facilities. It appears that the Veterans' Administration, in conjunction with the American Medical Association, is working to ensure that those practicing in Veterans' Administration hospitals are legally certified physicians. I look forward to hearing from Dr. Lewis. He is going to testify later today on the details of their efforts.

At last year's hearings, policy recommendations were made to assist the States and the Federal Government in finding ways to solve the problem of fraudulent medical degrees. I hope that the witnesses representing State and Federal enforcement agencies can provide us with an update on how they have been addressing this problem and how those of us on this committee can further assist them.

Mr. Chairman, I want to again thank you for holding this hearing so that we can further examine the issue. I look forward to hearing from our witnesses.

Mr. PEPPER. Thank you very much, Mr. Hammerschmidt.

Now the Honorable Ron Wyden.

STATEMENT OF REPRESENTATIVE RON WYDEN

Mr. WYDEN. Thank you very much, Mr. Chairman. I want to be very brief and commend you. It seems to me there's just a couple of points that really haven't been made. The first is that the reason this problem has grown to such large dimensions is that the watchdogs have fallen asleep. First of all, it is already a crime in a number of jurisdictions to obtain a phony degree, but these individuals are not being apprehended and they aren't being prosecuted. That's No. 1.

No. 2, it seems to me that the findings of Chairman Pepper and Chairman Bonker ought to send a message to all professional societies in this country that they have to do a better job of policing those who claim to be professionals in their ranks. I don't think they are doing it.

Another point that was not mentioned, and I think it is important—in our last hearing in December 1984, some professional societies seemed to indicate that they didn't even think there was a problem with respect to these phonies. I think now we know that there are, from coast to coast, there are fakes that are fleecing the elderly. We have got to figure out how to wake up these watchdogs so that we have prosecutions where there are laws that can bring these individuals to justice. And when there aren't adequate laws we are going to have to go forward and lead the fight to get some passed.

I will just say, Senator Pepper, that I think there is an old phrase that is popular in this country—I'm a Pepper, you're a

Pepper, we always wanted to be a Dr. Pepper, and you have made that possible with your excellent investigation. And, of course, I want to commend my friend from the northwest who has a longstanding commitment to the rights of seniors, my colleague, Don Bonker, as well.

Thank you, Mr. Chairman.

Mr. PEPPER. Thank you very much, Mr. Wyden. Now Mr. Regula.

STATEMENT OF REPRESENTATIVE RALPH REGULA

Mr. REGULA. Thank you, Mr. Chairman. First, I would like unanimous consent to insert in the record a letter from many of the minority members of our Subcommittee on Health and Long-Term Care.

Mr. PEPPER. Without objection, it will be received.

[The letter follows:]

HOUSE OF REPRESENTATIVES,
SELECT COMMITTEE ON AGING,
SUBCOMMITTEE ON HEALTH AND LONG-TERM CARE,
Washington, DC, December 11, 1985.

Chairman CLAUDE PEPPER,
Subcommittee on Health and Long-Term Care,
House Annex No. 2, Washington, DC.

DEAR MR. CHAIRMAN: The issue of fraudulent credentials is a matter of serious concern to our country. The consumer, whether it be of medical services or the construction of a home, expects a certain level of professional standards to be exhibited by those who have obtained publically recognized certification.

One of the problems inherent to this topic is that we are dealing with an array of issues distinct to whatever profession is being examined. The difficulties characteristic to licensing physicians are quite unlike those of certifying engineers and so forth. Efforts to assure adequate certification within the professions must be tailored to recognize the unique variances between each vocation.

Historically, certification of the professions have been the jurisdiction of the States. It is their laws which govern the acts of commerce and service taking place within their borders. The Federal government must encourage the States to effectively regulate the professions to ensure their adherance to reasonable standards of care as defined by the community.

As the Subcommittee on Health and Long-Term Care our interests are predominately with the health care of the elderly. In America, the medical community is one of the most tightly monitored professions. Obviously, this concern is justified due to the life-threatening ramifications arising from the practice of medicine based on fraudulent or questionable medical credentials. In no other vocation is the consumer at such a risk if the individual physician is not properly trained.

Despite the active efforts of the States in regulating intra-state commerce there arise certain situations involving activities conducted outside of their jurisdiction which have a direct impact upon their citizens. One such problem involves the inflow of graduates from medical schools located outside of the United States into American hospital residency programs. The American Medical Association estimates that 19% of the care given by hospital residents is provided by graduates who have received their education abroad. In many urban hospitals, serving a disproportionate number of the elderly, that number reaches as high as 75 to 80 percent. We must work to ensure that any graduate, regardless of where his, or her, education was obtained, has met minimum professional standards before practicing medicine in our country.

In July 1985, a national survey was conducted by the minority staff of the subcommittee soliciting comments from teaching hospitals regarding the need for a response to this growing problem. All of those polled stated the necessity of a Federal response to the issue. Surprisingly, 100% stated support for limitations to be imposed on student financial assistance programs. Approximately 68% cited sanctions should be attached to direct medical education reimbursement under Medicare. And 41.6% versus 58.3% supported some form of accreditation for medical schools outside of the United States. A majority of the survey participants expressed concern that any action must be conducted in a gradual and deliberate manner to maintain uninterrupted the services currently provided by those hospitals heavily reliant on these graduates.

Mr. Chairman, we commend you for calling this hearing today on a topic of which this issue is of significant concern. We are confident that Members of this subcommittee can join together in a bipartisan spirit to work toward correcting this anomaly along with the numerous other facets of the fraudulent credentials issue.

As always, our guiding principle must be the health and well-being of our nation's elderly.

With best wishes, we are

Sincerely,

Claudine Schneider.
George C. Wortley.
Jim Lightfoot.
Ron Wyden.
Paul B. Henry.
John McCain.
Sherry Boehlert.

Mr. Regula. Also, a study that we did in the minority about the problem that exists.

Mr. Pepper. Without objection, it will be received.

[The study follows:]

House of Representatives,
Select Committee on Aging,
Subcommittee on Health and Long-Term Care,
Washington, DC, December 11, 1985.

Chairman Claude Pepper,
Subcommittee on Health and Long-Term Care,
Washington, DC.

Dear Mr. Chairman. In July 1985, a national survey was conducted by the minority staff of the subcommittee requesting comments from teaching hospitals regarding possible reforms in the current funding of graduate medical education for foreign medical graduates in Medicare approved hospital programs. Comments were also solicited concerning Federal student financial assistance given to students attending medical schools outside the United States and Canada and the possibility of institutional accreditation.

For the purpose of this study "foreign medical schools" was defined as medical schools located outside of the Jurisdictional boundaries of the United States and Canada. "Foreign medical graduate" (hereafter referred to as FMG) refers to any student who has graduated from a foreign medical school.

Over fifty percent of those polled responded to the survey for a total of thirty-one institutions ranging in locale from New York to California. Comments from survey participants were listed under one of the following classifications: "support", "opposition", and "partial support". Three recognized approaches were offered for comment. They were accreditation of the institution, limits and/or denial of Federal students financial assistance, and sanctions on Medicare direct education reimbursement to the teaching hospital.

Fifty-eight percent of the hospitals specifically discussed the issue of whether to provide Federal student financial assistance to those attending foreign medical schools. No survey participant opposed the concept of limiting or denying, financial assistance to students. Ninety-four percent supported this approach with the remaining five and one-half percent giving partial support.

Sixty-one percent of the survey population discussed the concept of limiting, or discontinuing, Medicare direct education reimbursement to teaching hospitals conducting Medicare approved programs that employ graduates from foreign medical schools. Of that figure 68% are in support of linking reductions in FMGs to Medicare reimbursement while 31% opposed the idea.

Seventy-seven percent replied to the issue of medical school accreditation and whether some accreditation system should be established. Thirty-three and one-third percent favored this approach. Another eight and one-third percent, opposed the idea as unworkable and impracticable. Many of those in opposition based their position on the premise that an accreditation process would be too costly, in manpower and financial resources.

In addition to this statistical profile many hospitals also offered specific recommendations regarding the implementation of the respective approach. One opinion reiterated by many hospitals was that special consideration should be given to

FMGs entering a residency which is estimated to have manpower shortages such as primary care and psychiatry. Many of those in support of linking Medicare direct education reimbursement to FMG levels stated there should be waivers available to teaching hospitals traditionally heavily dependent upon such graduates. These include the urban hospitals with a disproportionate amount of elderly patients and State owned psychiatric hospitals. A majority of those polled stressed that whatever approach is taken to the FMG situation it must be implemented in a gradual phase-in to avoid disruption of services by affected hospitals.

Mr. Chairman, I submit this information in the hope that the Members of our subcommittee, and Congress as a whole, can be better informed on the issue of fradulent credentials and foreign medical graduates.

With best wishes, I am

Sincerely,

RALPH REGULA, *Ranking Minority Member.*

SURVEY TOPICS FOR JULY 1985 POLL OF U.S. TEACHING HOSPITALS

1. Limiting or prohibiting the distribution of funds under programs such as Guaranteed Student Loans, and other financial student assistance to individuals attending foreign medical schools with appropriate waivers.

2. The establishment of an accreditation system for foreign medical schools based on the same standards and system currently in place for U.S. medical schools.

3. Direct graduate medical education reimbursement under Medicare would be discontinued, or limited, for any hospital operating or employing in their education program a graduate from a foreign medical school.

MEDICAL INSTITUTION VIEWS ON THE [illegible]

INSTITUTION	LOANS	MEDICARE	ACCREDITATION
HOSPITAL A, Philadelphia, PA	+	o	o
HOSPITAL B, Philadelphia, PA			o
HOSPITAL C, Boston, MA		o	o
HOSPITAL D, Bryn Mawr, PA			x
HOSPITAL E, New York, NY			o
HOSPITAL F, Boston MA	+	+	+
MEDICAL SCHOOL A, Columbus, OH			
MEDICAL SCHOOL B, Massapequa, NY			
HOSPITAL G, Kettering, OH	+	+	+
HOSPITAL H, Los Angeles, CA	+		o
HOSPITAL I, Park Ridge IL		x	o
MEDICAL SCHOOL C, Philadelphia, PA	+	o	o
HOSPITAL J, Brooklyn, NY	+	x	+
HOSPITAL K, Hershey, PA	+	o	o
HOSPITAL L, Detroit, MI			o
HOSPITAL M, Chicago, IL			o
HOSPTIAL N, New York, NY	+	x	+
HOSPITAL O, Summit, NJ	+	x	+
HOSPITAL P, Cleveland, OH	+	x	+
HOSPITAL Q, New York, NY	+	o	+
HOSPITAL R, Indianapolis, IN			+
HOSPITAL S, Detroit, MI	+	+	
HOSPITAL T, Stanford, CA	x	x	
HOSPITAL U, Philadelphia, PA	+	+	o
HOSPITAL V, Toledo, OH	+	+	+
HOSPITAL W, Boston, MA	+	+	o
MEDICAL SCHOOL D, San Francisco, CA	+	+	o
HOSPITAL X, Chicago, IL	+	+	
MEDICAL SCHOOL E, Pittsburgh, PA		o	o
HOSPITAL Y, Rochester, NY			
HOSPITAL Z, Pittsburgh, PA	+		
	N = 18	N = 19	N = 24

STATISTICAL BREAKDOWN

PROPOSALS	PERCENTAGE RESPONDING	SUPPORT	OPPOSITION	PARTIAL SUPPORT
LOANS	58%	94.5%	0%	5.5%
MEDICARE	61%	42.0%	31.0%	26.0%
ACCREDITATION	77%	33.3%	58.3%	8.3%

+ = support o = oppositio x = partial support

Mr. **Regula**. I commend you for holding this hearing. I think it is a serious problem—10,000 physicians in the United States are not properly licensed. Particularly this has come home in the recent studies of what is happening in the military services where, as Dr. Mayer testified before an appropriate subcommittee of the Defense Authorization Committee, that 20 percent, 1 out of 5, physicians in the armed services do not have a State license, or, in other words, they are not adequately licensed.

The question has arisen as to what we might do since historically the responsibility for a licensure has been one of State government. I think, Mr. Chairman, your suggestion, of setting up a clearinghouse through a computerization of the licensing of not only physicians but professionals of all types, would be one important step. One of the difficulties that hospitals, even the military, have experienced, is an inability to check out those who apply. If there were some type of central clearinghouse covering adequate licensure and degrees would be, I think, a very important step in correcting this problem and would not in any way violate the basic responsibility of the States in the field of determining who is properly qualified.

A second step would, of course, be to deal with the problem in the military services. I am pleased to say that in the Defense Authorization bill that we adopted in the Congress is a provision that will mandate a study of the problem and with a requirement that this commission report back in 6 months as to what can be done to ensure that all physicians that are serving in the military ranks are properly licensed. And certainly if we can address the problem of the 20 percent that are not, this, in turn, I think, would help set a standard for the States and the other organizations of responsibility—the health services—to adopt similar types of procedures.

So it would seem to me that this hearing today—and I commend you and the chairman of the other subcommittee, the gentleman from Washington, to holding this and for the work that has been put into a showing of the magnitude of the problem—that out of this we can recommend to the appropriate legislative committee some further steps beyond what we have done in defense authorization to ensure that the public is protected in the services that they receive from professionals.

Mr. **Pepper**. Thank you, Mr. Regula.

The Honorable Marilyn Lloyd.

STATEMENT OF REPRESENTATIVE MARILYN LLOYD

Mrs. **Lloyd**. Thank you very much, Mr. Chairman, my colleague, Senator Pepper, you have my deepest respect for your tireless efforts as well as the efforts of your subcommittee and Chairman Bonker in bringing about this investigation and having these hearings today.

Certainly I am appalled and alarmed at the number of people who are able to practice a profession in this country without the proper credentials or education; and the ease with which these credentials can be obtained is most frightening.

Consumers in this country deserve to feel confident in purchasing goods or services but, unfortunately, in the service area this is not always the case. It is a well known fact that our older people have more need of physicians and other medical practitioners. While it is unfortunate that anyone might fall prey to such schemes it is deplorable that the majority of the victims are our senior citizens.

Some lay the responsibility for uncovering these frauds at the doors of State and Federal Governments, and I would agree that the responsibility does lie there. I think the States have a very major responsibility in the licensing area and, of course, the Federal Government for the use of the Postal Service.

There is also the question of the professional groups within which these people practice. Those who practice in the same fields have more occasion to come into professional contact as well. But since we are primarily interested in the health fields and the elderly, I am disappointed that we don't have a panel of doctors to be with us today because, after all, they are the ones who encounter the charlatans on a regular basis. Reputable doctors are responsible for administering proper care after the fact and, hopefully, those on the third panel will address this.

Now I must point out that this is a problem in not only the medical fields but this is the area where the most severe consequences—life or death are met. It is hard enough to be robbed of one's money, but it is a different matter altogether when we are talking about being robbed of our health and our lives.

I want to thank you for holding these hearings and we certainly welcome hearing from the participants. Thank you, Mr. Chairman.

Mr. **Pepper**. Thank you, Mrs. Lloyd.

Now the Honorable Mr. Lightfoot.

STATEMENT OF REPRESENTATIVE JIM LIGHTFOOT

Mr. **Lightfoot**. Thank you, Mr. Chairman. I will make my comments brief. I really would like to underscore what has been said here already by our colleagues this morning. I guess from the day of P.T. Barnum, we have always had someone that was a con man of some type selling us the Brooklyn Bridge to some beautiful beach land down in Kansas, and I assume these people will continue to be with us as time goes on. I think it is a very serious matter that they tend to key in upon our senior citizens, to victimize them, as has been pointed out in your opening statement, particularly in the area of medical care.

I also think there is an area where, as Mrs. Lloyd just mentioned, the mails are used to a great deal, soliciting money for various kind of front organizations—some of them supposedly aimed at affecting us here in Congress, although I don't believe that works. I think it is a very serious problem and I hope that through the testimony gathered today we can come up with some guidelines to at least offer some help in this area, and not make our senior citizens the victims of these people.

I congratulate you for having the meeting.

Mr. **Pepper**. Thank you very much, Mr. Lightfoot.

Mr. Gordon.

Mr. **Gordon**. Thank you, Mr. Pepper. My sentiments have already been expressed so I don't want to hold up the hearing any longer so we can go forward with our testimony.

Mr. Pepper. Thank you very much.

The Honorable Bill Schuette of Michigan. We are pleased to have you, Mr. Schuette.

STATEMENT OF REPRESENTATIVE BILL SCHUETTE

Mr. Schuette. Thank you, Mr. Chairman. In the interest of time, I will submit my comments for the record. But I do want to state how pleased I am that you are conducting this hearing this morning on a very important subject to us all. I commend you for that and thank you very much for giving me a few minutes, Mr. Chairman.

Mr. Pepper. Thank you, Mr. Schuette.

[The prepared statement of Mr. Schuette follows:]

Prepared Statement of Representative Bill Schuette

Mr. Chairman, members of the subcommittee, honored witnesses and guests, I appreciate this opportunity to speak on the ease with which fraudulent credentials may be obtained today. The widespread occurrance is alarming. With little or no training at all, as many as 500,000 Americans have bought, not earned, academic degrees. One of the most disconcerning factors is that many of these people are employed on the basis of their phony credentials. Thus, thousands of unqualified physicians, lawyers, dentists, professors, accountants and dozens of other occupations are fraudulently providing services to the duped public. The public is being cheated and misled by these fraudulent schemes. We must act to halt these mail order activities.

Mr. Chairman, I am pleased that we are discussing fraudulent credentials with members of the Aging Committee. It is the elderly who fall victim to these deceptive schemes most often. Seniors need health care services more often than younger, more healthy people. Solicitng the services of a fraudulent practioner may be fatal. Quality health care for our Nation's seniors is crucial. It is imperative that seniors have acess to quality care and the peace of mind that the services delivered are first-rate.

Thank you Mr. Chairman.

Mr. Pepper. First I would like to offer for the record the report of Mr. Bonker's subcommittee and this subcommittee upon this matter. Without objection, that report will be entered into the record.

[See the report in appendix 2].

Mr. Pepper. Now since today is commencement day, I would like to introduce Hon. Bob Joy and Hon. Thomas Bazley who will make a very important presentation that will signify the solemnity of this commencement occasion. I am to receive a degree.

PRESENTATION OF THOMAS D. BAZLEY AND ROBERT JOY, POSTAL INSPECTORS

Mr. Bazley. My name is Thomas Bazley and with me is my colleague, Robert Joy.

Mr. Pepper. Will you excuse the absence of a cap and gown. I came here without my cap and gown.

Mr. Bazley. It's our fault, sir. We anticipated getting one and was unable to at the last moment.

Before we confer your degree upon you we would like to take a few moments and describe to you the steps that the staff undertook to obtain this degree. I just want to emphasize from the outset that our main purpose for obtaining the degree was to show simply how easy it is for any person to obtain a prestigious academic credential with very little or no academic work.

We began our efforts by identifying an advertisement in a well-known nationally circulated publication.

Mr. **Pepper**. Excuse me. The audience understands that these two gentlemen are postal inspectors who have been working with our committee. Go ahead.

Mr. **Bazley**. In the edition of this magazine we spotted an ad which read "University degrees by special evaluation of existing job experience, education, achievement, fast and inexpensive." It gave a telephone number and a post office box address. This caught our attention and we decided to contact this organization and see just what they had to offer.

[See appendix 3, Chart No. 1.]

Mr. **Bazley**. Thereupon, we sent them a little letter which simply said: "Dear Sir: Please send information on obtaining a university degree through an evaluation of existing job experience," et cetera. "I am particularly interested in obtaining a doctoral degree in a health area or gerontology," and we signed it C.D. Pepper. We did this on March 25, 1985.

Soon thereafter, we received some literature in the mail from an organization known as Vocational Guidance in Columbus, OH. They sent us various items. Among the statements that we found in their literature was this one: "Yes, it is now possible to honestly obtain a college degree from many colleges without attendance or actually setting foot on campus." This looked like exactly what we had in mind.

[See appendix 3, chart No. 2.]

Mr. **Bazley**. There was also another interesting statement in the literature they sent us which read: "Dear Sir or Madam: A special note to let you know personally that we specialize in helping people much like yourself succeed in obtaining a good, usable college degree while expending the least amount of time, money, and energy. If you have a desire to obtain that promotion in pay increase, thus moving your family into a better financial position, I believe our counseling service will help your efforts greatly." It is signed by an individual known as A.J. Geruntino.

[See appendix 3, chart No. 3.]

Mr. **Bazley**. Also accompanying that mailing we received from Vocational Guidance was a brief questionnaire. It simply asked a little bit about your personal background in terms of education and employment experience. It also asked a little bit about what you wanted in terms of a degree. Some of the things we pointed out and some of the questions we answered indicated that you did want a doctorate degree, it must totally be by correspondence, we wanted it to be verifiable and have transcripts available for you, and it could be from a nonaccredited school as long as it was legal. We indicated we wanted to obtain it in the least amount of time possible and the least amount of time on the questionnaire was 1 to 2 months. We wanted to obtain it for the least amount of money. The lowest figure they gave was $500 to $950. We indicated we could submit a lump-sum payment for the degree. There was a question that we answered in the affirmative dealing with the fact that you already have the knowledge, you just want to get the degree as quickly as you can. Also, that you need this money for your career advancement.

We submitted this questionnaire along with a $30 processing fee on April 24, and mailed it back to Vocational Guidance, and eagerly awaited their response. And sure enough, a few days later on April 29, we received their response which was in the form of a four-page letter, that gave us various alternatives on how we could proceed. Now, some of the alternatives did involve applying to and working through well-known, well-established universities that had various external degree programs.

However, the thrust of the letter seemed to be an arrangement which Vocational Guidance had with a university known as Union University in Los Angeles, and went into great detail explaining some very special arrangements that Vocational Guidance had with Union to the extent that the degree could be obtained in a very expeditious manner with very little work on your behalf.

[See appendix 3, charts Nos. 4A and 4B.]

Mr. **Bazley**. So we signed an agreement with Vocational Guidance to act as our representative with Union University. Their fee was $1,780, which we submitted to them. We also noticed a letter from Vocational Guidance was again signed by Anthony Geruntino and at the bottom of the letter also indicated that apparently Vocational Guidance had negotiated the requirement of having a faculty advisor at Union University and also any admissions fees.

[See appendix 3, charts Nos. 5A and 5B.]

Mr. **Bazley**. So we sent this off and we, of course, thought we were well on our way. Much to our dismay, a few days later, we got our mailing back refused. We found out that Mr. Geruntino was under investigation by the FBI for operating Vocational Guidance and you will hear from him a little later explaining just what his problems were. In any event, it was obvious he could no longer assist us with Union University. So we took it upon ourselves—the staff contacted Union University directly—a member of your staff posing as your granddaughter called them and explained our dilemma, that we were dealing with Mr. Geruntino and apparently he was no longer in business, and they invited us to deal directly with them. So we submitted a letter confirming our telephone conversation with Union University and questioning them as to whether they could help us obtain this degree.

At that point, Mr. Joy took over the investigation and he will explain what happened thereafter.

Mr. **Joy**. In conversations with Union University, we were advised that we were going to have to complete some additional requirements before the degree would be awarded.

One of the things that they requested that we provide was a letter of reference, which we provided. In addition, they wanted a list of books that you have read. So the staff compiled a list of books, a list of 44 books, and submitted it as an item that you have read. Included in this list are books such as "Plain Speaking," "Behind Closed Doors," "Pulling Your Own Strings," and a wide variety of other commonly available publications.

[See appendix 3, chart No. 6.]

Mr. **Joy**. We received a letter on September 15 from Union University, acknowledging the receipt of the list of books that you have read. The letter requested an additional requirement be completed before they awarded the degree. In this letter, they requested that we submit three book reports off of the list of books that you have read. It was up to us to do the selection of which books we wanted to review. Even though they suggested some page length as far as reports, we submitted three reports that were basically three pages in length.

Mr. Joy. On November 3, we received another piece of correspondence from Union University acknowledging the receipt of the three book reports. However, they stated that they were putting another requirement before they could award the degree, and they requested that we submit at least one more book report prior to the award of the degree. It is interesting in this letter that the last sentence states: "I do hope that you will have a wonderful Christmas with the certificate of Doctor of Philosophy. And this is, of course, before we met the requirements.

[See appendix 3, chart No. 7.]

Mr. Joy. On November 23, we were advised that the graduation committee is pleased to approve your degree and graduation status. Your oral defense of the subject, as you may know, was successful even though there was obviously not an oral defense. They acknowledge that the tuition was paid in full and advised us that you will be awarded the degree of Doctor of Philosophy in Psychology.

In this letter they do give us the option that you may appear for graduation ceremonies, if you wish, or they will mail out the certificate, or you can pick it up in person if you so desire. We chose the last option.

Mr. Joy. On December 9, this past Monday, we had an individual go to Union University and pick up your degree awarding you the Doctor of Philosophy in Psychology.

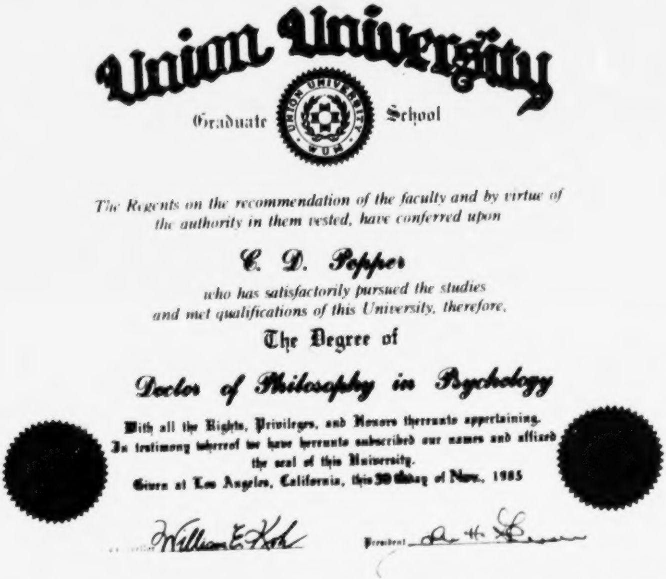
Mr. Pepper. Did they mail it?

Mr. Joy. No, sir, it was picked up in person.

Mr. Pepper. Hold it up so the audience can see my honor.

Mr. Joy. At this time I would like to continue with the commencement exercise. Mr. Wyden will make the presentation.

Congressman Ron Wyden presents Congressman Claude Pepper, Chairman of the Subcommittee on Health and Long-Term Care, with his recently earned diploma from Union University. Pictured with "Dr. Pepper" are Aging Committee Members (left to right) Marilyn Lloyd; Chairman of the Subcommittee on Housing and Consumer Interests Don Bonker; and Subcommittee on Health and Long-Term Care Ranking Minority Member Ralph Regula.



Union University

Graduate School

The Regents on the recommendation of the faculty and by virtue of the authority in them vested, have conferred upon

C. D. Pepper

who has satisfactorily pursued the studies and met qualifications of this University, therefore,

The Degree of

Doctor of Philosophy in Psychology

With all the Rights, Privileges, and Honors thereunto appertaining.
In testimony whereof we have hereunto subscribed our names and affixed the seal of this University.
Given at Los Angeles, California, this 30th day of Nov., 1985

William E. Koh

President

This official-looking diploma from Union University, Los Angeles, was awarded to C. D. Pepper (Congressman Claude Pepper) for having "satisfactorily pursued the studies and met qualifications of this University." In truth, the degree was awarded on the basis of submitting a list of books read, four brief book reports, and $1,800.

Mr. **Wyden**. Dr. Pepper.

Mr. **Pepper**. All stand, please.

Mr. **Wyden**. You are now a doctor.

Mr. **Pepper**. Well, well, well, I have always wanted to be Dr. Pepper.

Mr. **Wyden**. You are, indeed, congratulations.

Mr. **Pepper**. Thank you. Thank you very much.

You say you went out there--one of you went out to receive it?

Mr. **Joy**. No, sir. I arranged for a Postal Inspector in Los Angeles to pick up the diploma.

Mr. **Pepper**. Did he tell you what he found—what the institution was when he went out there?

Mr. **Joy**. Yes.

[Photographs shown—see appendix 3, chart 8A, 8B, 8C.]

Mr. **Joy**. I would like to show you some photographs that we had taken of Union University.

Mr. **Pepper**. All right, let's see that.

Mr. **Joy**. The first one is as the university appears in the brochure. The top photograph shows the front of the university with what appears to be the directors or the administrators of the university in front.

The second photograph shows a large multi-story building giving the appearance that this is Union University. This is from the brochure that the school sent to us.

The second group of photographs are photographs that we had taken by Postal Inspectors in Los Angeles in November. This is the front of the school as it appears. I want to draw attention to this sign here on the right-hand side of this photograph. This is a blowup of this sign. I know that you can't see it from that distance, but the sign says that it is an Acupuncture Center. They also offer massage and Oriental medicine. This is a view of the university as it appears from the street.

Mr. **Pepper**. What summary would you give of this whole transaction, you gentlemen?

Mr. **Bazley**. I think our experience was that it was a very disturbing transaction. You were able to obtain, as I indicated earlier, a prestigious academic degree with virtually no work in that field. And it is also a degree that could be used in treating people in various counseling situations.

Mr. **Pepper**. In other words, no requirement of doing any work except they ask you how many books you read, what books you had read?

Mr. **Bazley**. That's correct.

Mr. **Pepper**. Gave a list of books, and the facility didn't indicate a responsible institution behind it?

Mr. **Bazley**. That's quite correct, yes, sir.

Mr. **Pepper**. Is that your professional opinion?

Mr. **Bazley**. Yes, sir.

Mr. **Regula**. Mr. Chairman, may I ask a question?

Mr. **Pepper**. Yes.

Mr. **Regula**. I understand both of you are from the Postal Service, and my question would be two points: One, given the scenario that you just outlined to us, would this be an adequate amount of evidence under the present law to allow you to prosecute the individuals involved?

And, second, do you think that there are needed changes in the Postal Fraud Sections that would make it easier for you to prosecute situations such as this to avoid the kind of fraudulent impact on the public?

Mr. **Bazley**. We are very disturbed about some of the practices we saw in the point here about the university. I don't want to suggest that what we did here constituted a thorough investigation that might support a prosecution at this point. However, we do plan to look at this further and see if what we found here is their normal way of practice which may help confirm whether or not there is a violation of law.

In answer to the second part of your question, however, sir, I think the primary offense here would be mail fraud. And as many people know, the penalties under mail fraud, I think, are rather minimal in today's economy—a $1,000 fine for an organization that charged $1,800 in just one transaction.

Mr. **Regula**. Are there criminal penalties involved such as jail?

Mr. **Bazley**. Yes; the mail fraud statute is a $1,000 fine and/or 5 years per count.

Mr. **Regula**. Thank you.

Mr. **Pepper**. Mr. Bonker.

Mr. **Bonker**. Mr. Chairman, I am looking at this certificate and it is rather authentic as a document. I am just wondering if I were to take my father into an office to see a psychologist for some testing or treatment and I were to see this certificate on the wall, how on earth could I know that this is a fraudulent certificate, and that this person is not an authentic specialist, because the document itself looks as authentic as anything I have seen by way of a degree. So how can the unsuspecting victim possibly know what is going on?

Mr. **Joy**. I believe it is very difficult for the common person off the street who is going to avail himself of that type of service to verify the credentials. The process is difficult and the average person is not going to make the telephone calls and try to make the verifications that would be required.

Mr. **Bonker**. If they were to try to contact Union University, I don't see here—it just says Union University. There is no address. It doesn't even say Los Angeles, I don't believe. Oh, yes, Los Angeles, CA.

Is it possible for a person then to contact Union University, and if they did by phone, would they get a verification that Dr. Pepper is who he says he is?

Mr. **Joy**. I would assume that if we were to call Union University they would say that Mr. Pepper has been awarded a degree from that University. But what you would not know is what were the requirements for that degree, what was the learning process and requirements.

Mr. **Bonker**. But all you are seeking is verification.

Mr. **Joy**. So in effect you would be misled into thinking that he had attended a legitimate university and completed the requirements.

Mr. **Bonker**. We know that Chairman Pepper is legitimate, even though his certificate is not.

Mr. **Pepper**. Thank you very much.

One other question. Does the State of California require any license to be a university, that is, an institution awarding a degree?

Mr. **Bazley**. There are certain requirements that the State of California, I understand, does have, regulating postsecondary education. I understand that those requirements are a little unique compared to some of the other States which may allow some of these—an institution like Union to operate. But it is recognized by the State in some capacity.

Mr. **Pepper**. Would that institution be accredited by any accrediting institution of the State, or region, or the Nation?

Mr. **Joy**. It would be accredited but not by a normally recognized accrediting agency.

Mr. **Pepper**. It would be a spurious sort of accrediting agency or authority?

Mr. **Joy**. That's correct.

Mr. **Wyden**. Mr. Chairman, if I might ask one question.

Because this was a degree in psychology, one of the things that I am most concerned about is I think that the professional societies which can play a star role are just asleep, and are aware that a lot of this is going on and are just not watchdogging it, and policing it.

Did you find any evidence that psychologists in California knew what was going on at Union and just didn't blow the whistle, and didn't make an effort to publicize that there were frauds working in their field?

Mr. **Bazley**. I can't speak for California per se, but we did have some contact with the American Psychological Association who indicated they were concerned about programs such as the one offered by Union. And I mention, Union is not the only one that offers a degree.

Mr. **Wyden**. But did they seek to make the consumer, elderly people, and others, aware of this kind of situation?

Mr. **Bazley**. Other than whatever licensing requirements exist from State to State for psychology, I am not aware of what other efforts the professions have.

Mr. **Wyden**. Mr. Chairman, again, I just think this ought to send a message to all the professional societies in this country that they are going to have to do a better job of watchdogging those who purport to have talents and abilities in their fields. And if the laws aren't adequate, let's beef up the laws. And in areas where there are laws, let's go forward with the prosecutions.

Again, I commend you on a very, very important investigation.

Mr. **Pepper**. Thank you very much. I appreciate it very much.

Now, then, I am going to forego the vote because we are running way behind here. This will be panel one. As I call your name, please come up to the table. Mr. Bob Hamilton, Inspector, Homicide Division, Santa Clara District Attorney's Office, Santa Clara, CA; Mr. Frank Goldfarb, Video Diagnostics, Incorporated, Miami, FL; Mrs. X of Nashville, TN; and Ms. Helen Houston, Administrator, Middletown Psychiatric Center of Middletown, NY. Will you all please take your position here.

First we will hear Mr. Bob Hamilton.

PANEL ONE, CONSISTING OF ROBERT HAMILTON, INSPECTOR, HOMICIDE DIVISION, SANTA CLARA DISTRICT ATTORNEY'S OFFICE, SANTA CLARA, CA; MRS. X, NASHVILLE, TN; FRANK GOLDFARB, VIDEO DIAGNOSTICS, INC., MIAMI, FL; AND HELEN HOUSTON, EXECUTIVE DIRECTOR, MIDDLETOWN PSYCHIATRIC CENTER, MIDDLETOWN, NY

STATEMENT OF ROBERT HAMILTON

Mr. **Hamilton**. Thank you, Senator.

Ladies and gentlemen, members of the subcommittee and guests: I am pleased to be here with you today to testify before your subcommittee on a matter of serious concern that has far-reaching implications for all of us in the United States. Although my testimony involves one case, from my particular portion of the country, my investigation opened up a broad spectrum of a problem that is nationwide in scope.

The case I present today involves a person who obtained a medical degree through fraudulent and unqualified means, and the resulting tragedy that occurred as a result of his portrayal as a physician.

My investigation revealed that as many as 500 people with similar credentials have attempted to become licensed physicians in the State of California. The problem is compounded by poorly trained graduates of foreign medical schools, which lie outside the area of my investigation.

This case came to the attention of the Santa Clara County California District Attorney's Office on July 25, 1985. The complaint was made directly to one of the assistant district attorneys by a physician who had been treating an elderly husband and wife for approximately 20 years.

The physician was concerned that his patients, Rodney and Myrtle Reid, had met with foul play after they had acquired a "medical attendant" through a local placement agency. This "medical attendant" was hired to help the Reids with the myriad of medical problems that face the elderly. This attendant's agreement with the Reids was to live at their residence and assist them in food preparation, bathing, physical therapy, and to ensure that the proper medical procedures and medications were used.

The "attendant" filled out forms and presented documents to the placement agency that indicated he had earned a doctor of medicine degree, and on that basis he was assigned to the Reid residence. This attendant's name was Ebrahim Sadeghy, M.D.

An investigation was conducted by the Santa Clara County District Attorney's Office, and resulted in a criminal complaint against Ebrahim Sadeghy, M.D. charging him with first degree murder, grand theft by fraud, attempted grand theft, and numerous counts of perjury. The following is a synopsis of the findings of that investigation. I am submitting a more detailed statement for the record.

Sadeghy, a holder of an undergraduate degree in biology, obtained a medical degree from CETEC University in the Dominican Republic. Our investigation disclosed that he acquired the CETEC degree under highly suspicious circumstances. It appears that Sadeghy presented altered or forged transcripts from other Caribbean medical schools and altered or forged clerkship evaluation forms from a New Jersey hospital to CETEC, along with various fees, in order to obtain his degree. His total medical school classroom time was less than one year and his clerkship experience lasted perhaps 1½ years. Nevertheless, in June 1982, he was awarded an M.D. degree from CETEC.

Subsequently, Sadeghy moved to California in an effort to become a licensed physician in that State. Upon arriving and running short of funds, Sadeghy applied for work through a home placement agency as an aide. Presenting his credentials, Sadeghy was readily accepted by the agency and was placed with Rodney and Myrtle Reid.

Mr. Reid was 88 years old and suffering from a series of strokes, Alzheimer's disease, and severe intestinal disorders. His 84-year-old wife had, only 6 months before, had a heart valve replacement operation and suffered from a broken hip. Mr. Reid was almost totally incapacitated and Mrs. Reid could not provide the care necessary to maintain Rodney or herself.

The Reids had many professionals come in on a part-time basis and also had a young neighbor who was a student living with them. When Ebrahim Sadeghy arrived on the scene it was like he had been sent from God. At last, here was the answer to all their problems. The professional nurses who continued to come to assist with Rodney Reid praised the care of Dr. Sadeghy. However, neighbors and friends of Myrtle Reid noticed that she no longer talked to them and when she did, she was confused and disoriented much of the time.

Myrtle Reid's doctor of more than 20 years had prescribed a regimen of medications designed to assist her with not only her heart problems but several other disorders.

Prior to "Dr. Sadeghy" arriving, Myrtle Reid had faithfully followed her physician's advice and pharmacy records showed she was very regular in purchasing her prescription medications. These same medications were never purchased again after Dr. Sadeghy arrived.

Statements from witnesses indicate that Dr. Sadeghy convinced Myrtle Reid that her physicians were not doing her any good, and that "he was her doctor now." Sadeghy's treatment consisted of removing Myrtle from her medications, changing her diet, and using massage. Myrtle's doctor of 20 years stated, "taking her off medications was like putting a .45 to her head and pulling the trigger." In addition, removal of her medications added to her confusion and mental incompetence.

About a month after Dr. Sadeghy arrived at the Reids, Myrtle "decided" that she and Rodney should adopt Dr. Ebrahim Sadeghy as their son. Lawyers were contacted to draw the necessary documents for both Rodney and Myrtle to sign, but Rodney was unable to hold the pen, even with Dr. Sadeghy's help. The lawyers felt that he was mentally and physically incompetent to make a decision on the adoption. The proceedings were stopped, but immediately started again when Rodney died less than a week later.

Sadeghy was adopted by Myrtle Reid on January 15, 1985. In an adoption petition, Sadeghy swore under the penalty of perjury that he had known the Reids for 6 years, had resided with them for 6 months, and "provided them with love, companionship, and all assistance expected of a natural child."

A joint checking account was opened so that Dr. Sadeghy could manage Myrtle's affairs. A friend of 27 years observed Myrtle and Sadeghy in a bank cashing checks and Sadeghy "stuffing money in his pockets." A "new" will was prepared, purportedly by Myrtle, leaving her son, Sadeghy, everything. Neighbors continued to observe Myrtle, noticing that her health and appearance were worsening.

Myrtle Reid owned two homes, and stocks and bonds valued in excess of $140,000, making her estate worth over $350,000. However, Rodney's share of the estate was left to the Alzheimer's Disease Foundation. Dr. Sadeghy tried to break this trust prior to Rodney's death, but Rodney was incapable of changing the trust. After Rodney's death, Sadeghy convinced Myrtle that Rodney did not have Alzheimer's disease, and that steps should be taken to break that portion of the trust. An attorney was hired to do just that.

On June 11, 1985, a stockbroker received a phone call to come to the Reid residence immediately that afternoon. Mrs. Reid wanted to invest $140,000 in a fund offered by the E.F. Hutton Co. The broker responded and a "joint tenants" agreement was signed by Dr. Ebrahim Sadeghy and Myrtle Reid, which in effect would give him access to the $140,000 in stocks and bonds that were previously unavailable to him. That evening, June 11, 1985, Myrtle Reid died.

Based on our investigation of Sadeghy's activities with Mrs. Reid, we feel he caused, contributed or accelerated her death and, accordingly, has been charged with first degree murder along with the other crimes I mentioned at the outset. Furthermore, Sadeghy was never licensed to practice medicine in the State of California, or elsewhere. In fact, the State of California has never licensed a CETEC medical school graduate.

I hope this case illustrates the extreme danger fraudulent health professionals pose to the American public, especially our elderly citizens.

Thank you.

[The detailed statement of Mr. Hamilton follows:]

Testimony of Inspector Robert Hamilton, Santa Clara County, California, District Attorney's Office, Bureau of Investigations, Homicide Division

Ladies and Gentlemen, members of the Subcommittee and guests: I am pleased to be here with you today to testify before your subcommittee on a matter of serious concern that has far reaching implications for all of us in the United States today. Although my testimony involves one case, from my particular portion of the country, my investigation opened up a broad spectrum of a problem that is nation-wide in scope.

My case involves a person who obtained a medical degree through fraudulent and unqualified means, and the resulting tragedy that occurred as a result of his portrayal as a physician.

My investigation revealed that as many as 500 people with similar credentials have attempted to become licensed physicians in the State of California. The problem is compounded by graduates of foreign medical schools out of the focus of my investigation.

This case came to the attention of the Santa Clara County California District Attorney's Office on July 25, 1985. A complaint was made directly to one of the assistant District Attorneys by a physician who had been treating an elderly husband and wife for approximately 20 years. The physician was concerned that his patients, Rodney and Myrtle Reid, had met with foul play after thay had acquired a "medical attendant" through a local placement agency. This "medical attendant" was hired to help the Reids with the myriad of medical problems that face the elderly. This attendant's agreement with the Reids was to live at their residence and assist them in food preparation, bathing, physical therapy and to insure that the proper medical procedures and medications were used. The "attendant" filled out forms and presented documents to the placement agency that indicated he had earned a Doctor of Medicine Degree, and on that basis he was assigned to the Reid residence. This attendant's name was Ebrahim Sadeghy, M.D.

An investigation was conducted by the Santa Clara County District Attorney's Office, and resulted in a criminal complaint against Ebrahim Sadeghy charging him with first degree murder, grand theft by fraud, attempted grand theft, and numerous counts of perjury. The following is a synopsis of the findings of that investigation.

Ebrahim Sadeghy arrived in this country in 1975. He was an Iranian citizen who was granted a Visitors Visa into the United States. Reports from close friends and an ex-wife (one of 6 we discovered) indicated that he had been a teacher and a drivers license examiner in Iran. Sadeghy listed his birthdate as 9-24-47 on most documentation obtained in this invstigation, however other documents also indicate his date of birth as 9-24-53, 9-24-54, 9-24-56 (Exhibit I, IA). In addition a person who grew up with Sadeghy and knows "everything there is to know about him" swears that Ebrahim Sadeghy is actually 48 years old.

Sadeghy attended Farley Dickensen University in New Jersey from 1976 through 1978 and records indicate he received his B.S. degree in Biology. Sadeghy's wife at that time (his 4th) states that it was always his dream to become a physician because he desperately wanted the financial and social status that went with the profession. Sadeghy applied to many medical schools, but because of his alien status and his age, was unable to get accepted to any institution. Sadeghy then purchased a gas station (with funds provided by his wife's father) and under U.S. immigration laws dealing with his operation and ownership of this gas station, was granted a residency status. Sadeghy began applying to many off-shore medical schools and records indicate he was accepted at St. George's School of Medicine on the island of Grenada, commencing the semester starting January 1980. Sadeghy's passport and other supporting documents (Exhibit 2), seized in a search of his residence and safe deposit box, revealed he did in fact arrive on the island of Grenada in January 1980, and did begin attending classes.

Reports from this period vary from having "financial difficulties", (and stealing money from a roommate) to being "unable to pass the courses" per another student at that time. For whatever reason, Sadeghy left St. George's (which is thought to be a legitimate medical school in good standing) and entered the American University of the Caribbean (A.U.C.) Medical School on the island of Montserrat in the West Indies. His passport indicates he arrived there on February 22, 1980. A look at his records from A.U.C. indicate that he attended and received credit for classes starting in January 1980 (Exhibit 3). It is unknown how this was accomplished, or how the records were altered to reflect this.

Official A.U.C. transcripts obtained during this investigation revealed that he attended three semesters at A.U.C.; January to April 1980, May to August 1980, September to December 1980. However, these transcripts (Exhibit 4) prove to be different than the transcripts Sadeghy submitted to various other medical institutions for clerkship rotations, and are different than the transcripts he submitted to the California Board of Medical Quality Assurance in an attempt to obtain a California license to practice medicine. (See again Exhibit 3.) Another question arises when one again looks at his passport during this same period, January 1980 through December 1980. On 8-29-80 he re-entered New York City and did not return to Montserrat until 9-28-80. On 11-6-80 he entered, and stayed a week at the Republic of Dominica leaving there 11-11-80 and arriving in San Juan, Puerto Rico the same day. There is no indication he ever returned to A.U.C. Sadeghy's passport indicates he re-entered the United States at New York on 12-20-80. It is apparent from his passport that he could not have completed his third semester at A.U.C. and passed his courses when he was not even on the island for two of the three months of the semester. How these records were tampered with (both official and by Sadeghy himself) is an interesting sidelight to our case, but not necessary in proving the "Corpus" of the case.

Moving along in the investigation, Sadeghy, with school records in hand gets accepted to New Jersey Medical Center to do a "clerkship" or "clinical rotation" which is a part of medical school where the student observes other physicians at work in the various departments of a hospital. As explained to me there is little if any "hands on" experience in dealing with patients by students at this stage. Sadeghy has submitted "evaluation forms" indicating his completion of clerkships in the various departments of the hospital, however one clerkship begins on December 20, 1980 the very day he arrives in New York purportedly fresh out of A.U.C. Sadeghy has submitted clerkship evaluation forms from December 20, 1980 through May 1982, however official records from the hospital do not coincide with the documents submitted by Sadeghy. About the time he returned from A.U.C. Sadeghy left his wife and child and began seeing other women. He was in financial straits at this time because he was unemployed, no longer had his wife's father's income, and owed a great deal of money to both the University of the Dominica and to CTEC, where he eventually "purchased" his diploma. Sadeghy borrowed $12,000.00 from one woman $9,000.00 from another and $5,000.00 from another. All of these women were told that he was a doctor, and that he would repay them. Only one of these women receive part of her $5,000.00 dollars back. It is believed there were also others.

In June 1982 Sadeghy flew once again to the West Indies, this time to the island of Santa Domingo where, after paying various "fees" he received his Doctor of Medicine degree from CTEC University. A point of interest here is to realize that Sadeghy spent less than one year (if one were to believe his records) in a "medical school" classroom, and one and one half years in a "clerkship", and on that basis received his Doctor of Medicine Degree from CTEC University. To any legitimate medical school, the Doctor of Medicine Degree received by Sadeghy is not worth the cost of printing (Exhibit 5).

With diploma in hand, "Dr." Sadeghy now meets his soon to be fifth wife and moves to Dallas, Texas with her. In July 1983 Sadeghy took the Educational Commission for Foreign Medical Graduates Examination and failed (Exhibit 6). While in Dallas, Sadeghy works as an encyclopedia salesman, then obtains a job at Presbyterian Hospital working as a lab technician. Records from Presbyterian Hospital indicate he was fired for incompetence, and in the fall of 1983 he moves on to California, leaving behind his 19 year old 5th wife. Statements from this wife indicated that he threatened to pour gasoline on her and light her on fire for the "problems" she was causing him. Also before leaving Dallas "Dr." Sadeghy was able to persuade another woman to "loan" him $4000.00—along with a promise of marriage when he became a licensed physician in California.

Upon arriving in California Dr. Sadeghy enrolled in a course to help him past the "Flex" exam, which is a prerequisite to obtaining a license to practice medicine. In June 1984 Sadeghy took the flex exam and failed (Exhibit 7). It was about this same time he met his future wife to be and began making trips to San Jose, California. Running short of funds, Sadeghy applied for work through a home placement agency as an aide. Presenting his credentials, Sadeghy was readily accepted by the agency and placed with a family in San Jose. Approximately three months later in September of 1984 the elderly gentlemen whom he had been taking care of died, and Sadeghy was again out of work and out of money. Financial records seized indicate that he had $200.00 to his name, when in late September 1984 he was placed by the agency to assist Rodney and Myrtle Reid.

Rodney Reid was 88 years old and suffering from a series of strokes, Alzheimer's disease, and severe intestinal disorders. His 84 year old wife Myrtle, only six months before had a heart-valve replacement operation and suffered from a broken hip. Mr. Reid was almost totally incapacitated and Mrs. Reid could not provide the care necessary to maintain Rodney or herself. The Reids had many professionals come in on a part time basis, and also had a young neighbor who was a student living with them. When Ebrahim Sadeghy arrived on the scene it was like he had been sent from God. At last, here was the answer to all their problems. The professional nurses who continued to come to assist with Rodney Reid praised the care Dr. Sadeghy was providing for Rodney. However, neighbors and friends of Myrtle Reid noticed that she no longer talked to them and when she did was confused and disordered much of the time.

Myrtle Reid's doctor of more than 20 years had prescribed a regimen of medications designed to assist her with not only her heart problems, but several other disorders. Prior to "Dr. Sadeghy" arriving Myrtle Reid had faithfully followed her physician's advice and pharmacy records showed she was very regular in purchasing her prescription medications. These same medications were never purchased again after Dr. Sadeghy arrived.

Statements from many witnesses indicate that Sadeghy had convinced Mrs. Reid, and in fact everyone else that he was a heart specialist, a heart surgeon or a physician specializing in heart research. Mrs. Reid, who herself had several years of medical school in the 1920's was enamored with the medical profession, and believed everything this wonderful doctor told her. After all, he had helped Rodney.

Statements from witnesses indicate that Dr. Sadeghy convinced Myrtle Reid that her physicians were not doing her any good, and that "he was her doctor now." Sadeghy's treatment consisted of removing Myrtle from her medications, changing her diet, and massage. Myrtle's doctor of 20 years stated "taking her off her medications was like putting a .45 to her head and pulling the trigger". In addition, removal of her medications added to her confusion and mental incompetence. Myrtle Reid, begain telling people that she too, was a doctor.

About a month after Dr. Sadeghy arrived at the Reid's Myrtle "decided" that she and Rodney should adopt Dr. Ebrahim Sadeghy as their son. Lawyers were contacted and drew up the necessary documents for both Rodney and Myrtle to sign, but Rodney was unable to hold the pen (even with Sadeghy's help) and the lawyers felt that Rodney was mentally and physically incompetent to make a decision on the adoption. The proceedings were stopped, but immediately started again when Rodney died less than a week later.

Neighbors were told by Myrtle Reid that she (Myrtle) had been having sex with Dr. Sadeghy. Myrtle's mental and physical health began to deteriorate further. She was "dirty" and "smelled bad" according to a friend of 20 years.

Sadeghy was adopted by Myrtle Reid on January 15, 1985. In an adoption petition, Sadeghy swore under the penalty of perjury that he had known the Reids for six years, had resided with them for six months and "provided them with love, companionship, and all assistance expected of a natural child." He also stated in that petition that he had "never been married". A joint checking account was opened so that Dr. Sadeghy could manage Myrtle's affairs. A friend of 27 years observed Myrtle and Sadeghy in a bank cashing checks and Sadeghy "stuffing money in his pockets." Myrtle had not even trusted her husband with financial matters in the 40 years they were married. A friend remarked that Rodney never wrote more than 6 checks in 40 years of marrige. A "new" will was prepared purportedly by Myrtle leaving her son, Dr. Sadeghy, everything. Neighbors continued to observe Myrtle, noticing that her health and appearance were worsening. An earlier attempt to have Myrtle placed under a conservatorship had failed and besides, she now had a "doctor" living with her. She became further estranged from her friends.

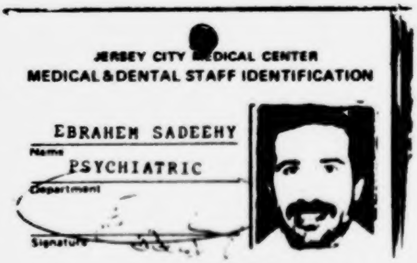
A housekeeper who was hired to come in daily to clean and assist with Myrtle states that Sadeghy had complete control of Myrtle. Myrtle pleaded with Dr. Sadeghy on one occasion to get her some medication; her legs had swollen up to the "size of footballs". This was the only time the housekeeper ever observed Sadeghy relent, and obtain medication for Myrtle Reid.

During the time Sadeghy resided with the Reids he left almost every weekend to court his new wife to be, who resided 150 miles away. A wedding day was set for June 21, 1985 and the bride-to-be was ecstatic that she was marrying a 29 year old surgeon.

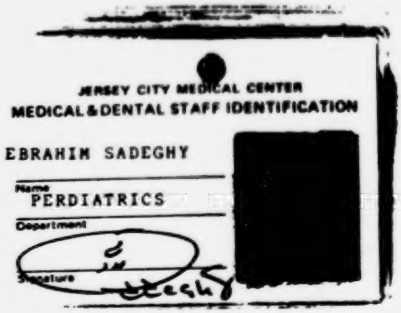
Under the cover of romance many questions she had regarding her husband to be were swept under the rug. She "knew" he worked at a hospital in San Jose and was performing surgery daily. He told her his father was a general in the Shah of Iran's army, his mother a famous doctor, both killed in the revolution. He only briefly touched on his adopted "mother" whom he lived with in San Jose. Records indicate the only money he had at this time was from the account of "Myrtle Reid and Ebrahim Sadeghy, M.D.".

Myrtle Reid owned two homes and stocks and bonds valued in excess of $140,000.00 making her estate worth over $350,000.00 however, Rodney's share of the estate was left to the Alzheimer's Disease Foundation. Dr. Sadeghy tried to break this trust prior to Rodney's death, but Rodney was incapable of changing the trust. After Rodney's death Sadeghy convinced Myrtle that Rodney did not have Alzheimer's disease and that steps should be taken to break that portion of the trust. An attorney was hired to do just that. On June 11, 1985 a stock broker received a phone call to come to the Reid residence "immediately" that afternoon, that Mrs. Reid wanted to invest $140,000.00 in a fund offered by E.F. Hutton Company. The broker responded and a "joint tenants" Agreement was signed by Dr. Ebrahim Sadeghy and Myrtle Reid, which in effect woud give him access to the $140,000.00 in stocks and bonds that were previously unavailable to him. That evening, June 11, 1985 Myrtle Reid died.

On June 21, 1985 Ebrahim Sadeghy married his 6th wife, she was 21, years old.


JERSEY CITY MEDICAL CENTER
MEDICAL & DENTAL STAFF IDENTIFICATION

EBRAHEM SADEEHY
Name
PSYCHIATRIC
Department
Signature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MEDICAL & DENTAL STAFF IDENTIFICATION

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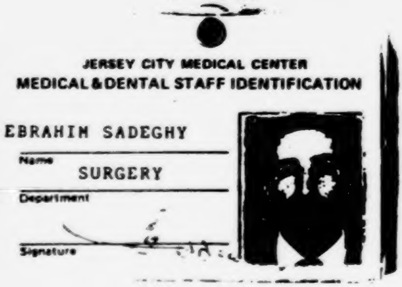
Name
PERDIATRICS
Department
Signature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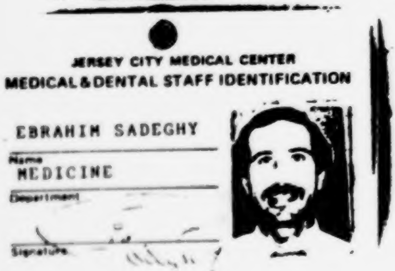
Name
SURGERY
Department
Signature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MEDICINE
Department
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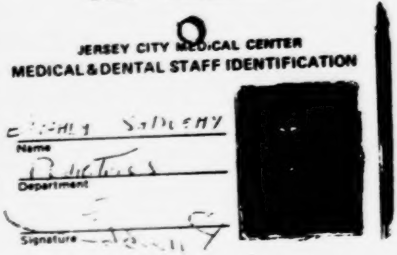
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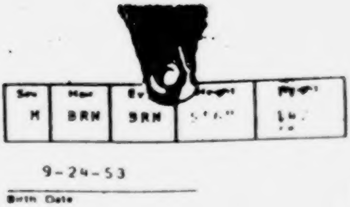
MEDICAL & DENTAL STAFF IDENTIFICATION

E[illegible]HIM SADEGHY
Name
Pediatrics
Department
Signature

Exhibit I



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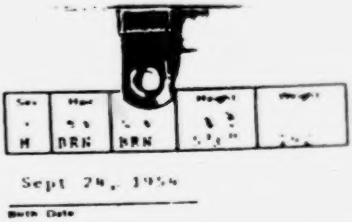
M	BRN	BRN	5'6"	14[illegible]

9-24-53

Birth Date

[illegible] [illegible]
شماره شناسنامه ٦٩٣٩٠
تاریخ تولد ١٣٣٦
صادره: قزوین



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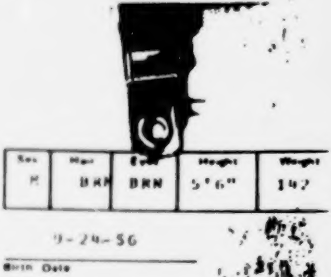
Sept 24, 1956

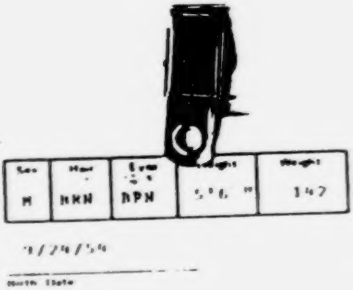
Birth Date



Sex	Hair	Eyes	Height	Weight
M	BRN	BRN	5'6"	142

9-24-56

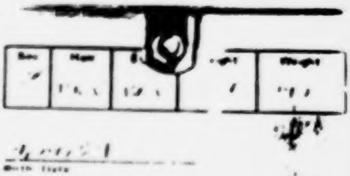
Birth Date



Sex	Hair	Eyes	Height	Weight
M	BRN	BPN	5'6 "	142

9/24/56

Birth Date



Sex	Hair	Eyes	Height	Weight
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

Birth Date

xhibit 1A

OFFICE OF THE
DISTRICT ATTORNEY

COUNTY OF SANTA CLARA
INVESTIGATION REPORT

D A CASE NO ____

INV CASE NO 85-P-1452

SUPPLEMENTAL REPORT:

Date December 5, 19 85

OFFENSE(S)

DEFENDANT: EBRAHIM SADEGHY

12/2/85 Immigration and Naturalization Agent Don Harty in office. (Phone 291-4255)

Harty states he can qualify as an expert witness pertaining to passports and use of passports.

Agent Harty examined the passport of Defendant Ebrahim Sadeghy. (Obtained by search warrant 11/13/85) Harty was able to provide a chronological list of entries and exits starting from January 1980 through June 1982. The following are entries in the passport of Ebrahim Sadeghy as indicated by Agent Harty:

Entered Granada	1/11/80	
Departed Granda	2/21/80	
Entered Barbados	2/21/80	1 Day
Entered Montserrat	2/22/80	
Gets permit to attend A.U.C.	3/14/80	
Entered Montserrat	5/25/80	
Entered N.Y.C.	8/29/80	
Entered Montserrat	9/28/80	
Entered San Juan Puerto Rico	11/05/80	
Entered Republic of Dominica	11/06/80	
Departs Republic of Dominica	11/11/80	
Entered San Juan Puerto Rico	11/11/80	
Enters N.Y.C.	12/20/80	
Enters N.Y.C.	6/21/82	

Investigation dictated by Robert Hamilton - Inspector - 12/5/85 sf

Exhibit #2

40 58

P.O. BOX 488 PLYMOUTH MONTSERRAT WEST INDIES

U.S. OFFICE 100 N.W. 37th AVENUE MIAMI FLORIDA 33125 U.S.A.

TRANSCRIPT OF ACADEMIC RECORDS

Exhibit # 3

Student Number: 142-62-7448
Student Name: SADEAHY, EBRAHIM
Citizenship: IRAN/U.S.A. P.R
Sex: MALE

Address: 259 Parker Avenue, Hackensack, N.J. 07601, U.S.A
Change of Address:

Entrance Date: January 1980
Graduation Date:
Date of Birth: 9/24/47
Place of Birth:

Degree Conferred:

First Academic Year 1980
First Semester (From Jan to April)

Course #	Title	Sem. Hrs.	Grade
101	Anatomy I	5	P
102	Biochemistry	5	P
103	Histology	3	P
104	Physiology	3	P
105	Bio-Statistics	2	P

First Academic Year 1980
Second Semester (From May to Aug)

Course #	Title	Sem. Hrs.	Grade
201	Anatomy II	5	P
202	Neuroscience	3	P
203	Medicine I	3	P
204	Physiology II	3	H
205	Microbiology	4	P
206	Pathology	2	H

Second Academic Year 1980
Third Semester (From Sept to Dec)

Course #	Title	Sem. Hrs.	Grade
301	Clinical Biochemistry	2	H
302	Neuropathology	1	H
303	Clinical Nutrition	2	H
304	Systemic Pathology	5	P
305	Physical Diagnosis	3	P
306	Pharmacology	5	P
307	Physiopathology	2	H
308	Medical Parasitology	4	H

Second Academic Year
Fourth Semester (From ______ to ______)

Course #	Title	Sem. Hrs.	Grade

BLANK RECORD

NOT VALID WITHOUT SEAL AND SIGNATURE OF SCHOOL OFFICIAL

AMERICAN UNIVERSITY OF THE CARIBBEAN - SCHOOL OF MEDICINE

P.O. BOX 488, PLYMOUTH, MONTSERRAT, WEST INDIES

TRANSCRIPT OF ACADEMIC RECORDS

Exhibit # 4

Student Number	Student Name	Citizenship	Sex
143-62-3448 5088	SADEGHY, Ebrahim	Iran/Permanent US Resident	Male

Address: 159 Parker Avenue, Hackensack, New Jersey 07601
Change of Address:
Entrance Date: January 1980
Graduation Date:
Date of Birth: September [illegible], 1947
Place of Birth:
Degree Conferred:

First Academic Year 1980
First Semester (From Jan — April)

Course #	Title	Sem. Hrs.	Grade
101	Anatomy I	5	P
102	Biochemistry	5	P
103	Histology	3	P
104	Physiology	3	P
105	Biostatistics	2	P

First Academic Year 1980
Second Semester (From May — Aug)

Course #	Title	Sem. Hrs.	Grade
201	Anatomy II	5	P
202	Neuroscience	3	P
203	Introduction to Medicine I	3	P
204	Physiology II	3	H
205	Microbiology	4	P
206	Pathology	2	H

Second Academic Year 1980
Third Semester (From Sept — Dec)

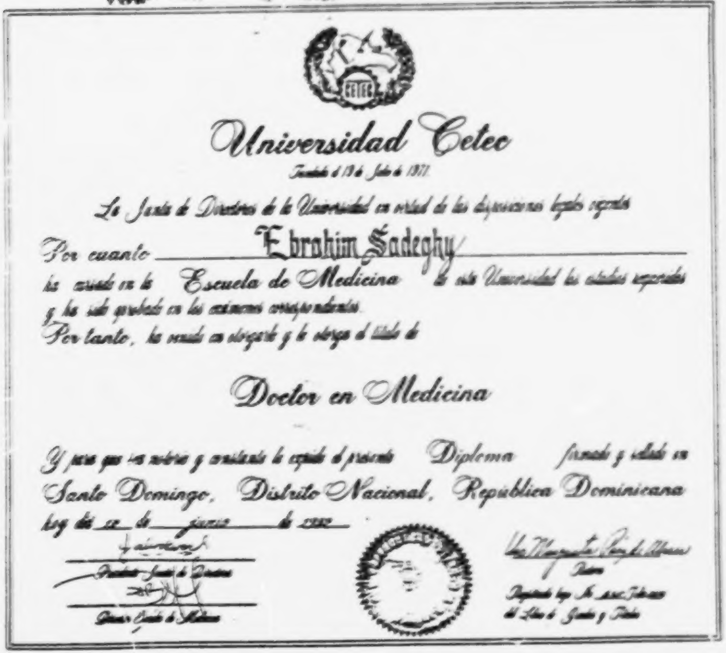
Course #	Title	Sem. Hrs.	Grade
301	Neuropathology	1	P
302	Clinical Biochemistry	1	H
303	Parasitology	3	P
304	Pharmacology	2	P
305	Pathophysiology	3	H
306	Systemic Pathology	5	P
307	Medicine I	1	P
308	Nutrition	1	H

Second Academic Year
Fourth Semester (From ________ to ________)

Course #	Title	Sem. Hrs.	Grade

STUDENT WITHDRAWN FROM AUC

NOT VALID WITHOUT SEAL AND SIGNATURE OF SCHOOL REGISTRAR



Universidad Cetec

Fundada el [illegible] de Julio de 1971

La Junta de Directores de la Universidad en virtud de las disposiciones legales vigentes

Por cuanto Ebrahim Sadeghy

ha cursado en la Escuela de Medicina de esta Universidad los estudios requeridos y ha sido aprobado en los exámenes correspondientes.

Por tanto, ha venido en otorgarle y le otorga el título de

Doctor en Medicina

Y para que sea notorio y constante le expide el presente Diploma firmado y sellado en Santo Domingo, Distrito Nacional, República Dominicana hoy día [illegible] de junio de [illegible]

Presidente Junta de Directores

Decano Escuela de Medicina

Rector

Registrado bajo No. [illegible] Folio [illegible] del Libro de Grados y Títulos

EXHIBIT # 5

33

EDUCATIONAL COMMISSION for FOREIGN MEDICAL GRADUATES

3624 MARKET STREET, PHILADELPHIA, PENNSYLVANIA 19104 U.S.A. PHONE 215 386-5900 CABLE EDCOUNCIL, PHILADELPHIA

JANUARY 6, 1984

SCORE REPORT

ECFMG EXAMINATION OF
JULY/NOVEMBER 1983

APPLICANT NUMBER	ENGLISH TEST	MEDICINE SCORE
350-120-2	FAILED	70

DR EBRAHIM SADEGHY
7070 SKILLMAN #2072
DALLAS, TEXAS 75231

THE REPORT OF YOUR PERFORMANCE ON THE ECFMG EXAMINATION IS SHOWN ABOVE. IN THE MEDICAL PORTION OF THE EXAMINATION, THE MINIMUM PASSING SCALED SCORE IS 75.

YOU FAILED THE MEDICAL PORTION OF THE EXAMINATION AND YOU ALSO FAILED THE ECFMG ENGLISH TEST.

YOU HAVE BEEN REGISTERED TO TAKE THE MEDICINE EXAMINATION AND ENGLISH TEST ON FEBRUARY 29, 1984 IN EXAMINATION CENTER 108.

A BALANCE OF $100.00 IS DUE FOR THE FEBRUARY EXAMINATION. PLEASE SEND THE AMOUNT SHOWN IMMEDIATELY. IF YOU DO NOT WISH TO TAKE THE EXAMINATION IN FEBRUARY, YOUR REGISTRATION WILL BE CANCELLED WITHOUT CHARGE.

RAY L. CASTERLINE, M.D.
VICE-PRESIDENT, CHIEF
OPERATING OFFICER

FORM 139-3
JANUARY 1984

Exhibit #6

STATE OF CALIFORNIA—STATE AND CONSUMER SERVICES AGENCY
GEORGE DEUKMEJIAN, Governor

DEPARTMENT OF
Consumer Affairs

BOARD OF MEDICAL QUALITY ASSURANCE
1430 HOWE AVENUE SACRAMENTO CALIFORNIA 95825

(916) 920-6393

STATE OF CALIFORNIA)
) ss
BOARD OF MEDICAL QUALITY ASSURANCE)

I, MARC E. GRIMM, Program Manager, Division of Licensing, and Official Custodian of the records of the Board of Medical Quality Assurance of the State of California, do hereby certify that a search of the records for the past 10 years, has been made on this date and there is no indication that **EBRAHIM SADEGHY has ever been licensed as a physician and surgeon.**

The current record also reflects that subject has not been issued any other type of certificate or license by the Board of Medical Quality Assurance.

Records of the Division of Licensing show that Ebrahim Sadeghy applied for examination and licensure as a physician and surgeon on July 19, 1983.

He was examined in June 1984 and failed with a score of 68%. The applicant was advised that he had failed the exam and has never reapplied for examination. Should the applicant ever pass the exam he would be required to complete a minimum of one additional year of post graduate training before being eligible to apply for the issuance of a license. Until, and if, Mr. Sadeghy is issued a license, he has no legal basis upon which to practice medicine.

June 3, 1985

Respectfully submitted,

Marc E. Grimm

MARC E. GRIMM
Program Manager
DIVISION OF LICENSING

Exhibit #7

Mr. PEPPER. Thank you very much, Mr. Hamilton, for that excellent, but tragic, recital that you have given us.

Next we will hear Mrs. X of Nashville, TN. Mrs. X.

STATEMENT OF MRS. X

Mrs. X. Good morning. My name is Mrs. X and I am from the Nashville, TN, area. I appear today because my ex-husband for 5 years practiced medicine in this country using forged credentials. Actually, my experience is even more immediate because, while I never used them, I purchased fraudulent transcripts for myself.

When I first met my husband-to-be, who is from Cuba, he was a student at the medical school in Santiago, Spain. That was in December 1975. He had begun his medical studies about 5 years earlier but, for a variety of reasons, he had completed only 3 years of the program. My husband was doing poorly in school and was having trouble completing required courses. Because of his poor performance and general disillusionment, he decided to seek another means of achieving a medical degree. My husband had originally sought his medical training in a foreign school because he knew he could get into a program without the normal requirements called for by U.S. schools, although he hoped to practice in the United States. His education before going to Spain had been limited to high school.

Prior to our marriage in 1976, my husband traveled to the Dominican Republic. Upon returning to the United States, he informed me that he had good news and that he had found "something great." It seemed he could get an M.D. degree without having to go back to Spain. He allegedly had transferred to a school in the Dominican Republic. However, I later learned he never attended classes there. Shortly after we were married, he told me that we would be moving to Puerto Rico. I thought he would be attending school there, in keeping with arrangements made with the school in the Dominican Republic.

Shortly after we married, which was in December 1976, we moved to San Juan, PR. Approximately 2 weeks later after our arrival, my husband and I met with a man introduced to me as William Rivera in Mr. Rivera's hotel room in San Juan. Immediately before this meeting, my husband disclosed to me that he was not going to return to school but had decided to purchase a medical degree. He told me he had simply gotten tired of school but, on the basis of what I now know about him, I see that he wanted the quickest and simplest way of achieving his goal. He had had things handed to him on a silver platter all his life. Now he would have his medical degree delivered in the same fashion.

The meeting with Mr. Rivera was conducted entirely in Spanish which I understood little of at the time. But I could make out that my husband was purchasing his degree, as he handed Mr. Rivera about $4,000 for transcripts showing he had attended the Universidad Central del Este in the Dominican Republic. My husband has never attended school in the Dominican Republic.

My husband talked about the transaction with me later, stating that he thought this was the best way for him to become a doctor. He said he didn't believe he could be caught and, even if someone's suspicions were aroused, it would be difficult to prove he hadn't attended the school. He said many people do the same thing. He said it's common knowledge that foreign medical schools' recordkeeping is so erratic that U.S. medical boards routinely take people at their word. I learned that he would not receive an actual diploma until spring, as the documents he had purchased bore the graduation date "June 1977."

Right after purchasing the transcripts, my husband began working as an intern at a free clinic in Puerto Rico. The clinic treated mainly poor and elderly patients suffering from minor illnesses. For personal reasons, I returned to the United States in May 1977. However, my husband decided to continue with his work at the clinic, as he didn't want to appear "lost" when he started practicing in a U.S. hospital. to hear him talk, you would think the fact that he would be able to secure a job as a physician in the United States was a foregone conclusion. It would be a breeze. The sad thing is, it turned out he was right.

My husband came back to the United States himself in June 1977. Shortly after returning, he departed once more, for a meeting with Rivera. I didn't accompany him this time. I don't know where he went for the meeting—maybe Miami or San Juan. I do know that when he returned he had the diploma. He had to pay about $4,000 to get it. My husband commented after his trip that Rivera was doing a good business, and that medical degrees were selling like hotcakes.

I should mention at this time that during our first year of marriage, my husband suggested I should get a medical degree. He told me it would be especially easy since I have a 4-year degree already. As a result of his insistence, we paid $10,000—I believe to Mr. Rivera, although I am not sure—for the transcripts showing that I attended medical school for 2 years. At the time, we agreed that these would be used to help me enter a legitimate medical school. The transcripts were never put to use.

My husband did not work at any occupation between June 1977 and August 1978. He wanted to create the illusion that he was attending school in the Dominican Republic, as the bogus transcripts said. During that time, he did take the ECFMG test, which foreign medical schools graduates have to pass, but failed. He was interested in practicing medicine in a State institution as it was common knowledge among people purchasing medical degrees that these were the easiest to enter. State institutions allegedly do less verification and give little scrutiny to an applicant's educational background.

Also, once a "doctor" is hired, there is less supervision. My husband told me that from what he had heard, Georgia, Vermont, North Dakota, South Dakota, Oklahoma, Tennessee and Mississippi were known to be easy States, and that they attract many foreign medical graduates. Also, State institutions, with their low pay, didn't draw as many U.S. graduates as some other facilities. This increased the foreign graduate's chance of securing a position.

My husband wrote letters to several hospitals in various States and eventually went for an interview in North Dakota. Mr. X., as I will refer to my husband, represented himself as a person fresh out of medical school, but he steered clear of the fact that he had not passed ECFMG and the National Boards. Even so, he was hired by the Chief of Staff of Sand Haven (North Dakota) Hospital for the mentally handicapped. My husband and I moved to Sand Haven in September 1978, where he began to practice general medicine.

During our stay, which was until the summer of 1979, my husband was under the direct supervision of the Chief of Staff. However, the Chief was responsible for supervising two hospitals which are 200 miles apart. Inasmuch as the Chief of Staff lived 200 miles away from Sand Haven, in Grand Staff, ND, my husband was basically on his own. I don't believe he was required to treat major medical problems—he probably avoided them so as not to draw attention to himself. He quickly learned that he was better off letting the head nurse, who had genuine credentials, run the hospital. However, he did have the authority to perform certain functions, like prescribing medicine. Sometimes I feel frightened when I think of the damage he could have done.

During our time in North Dakota, my husband used his newly gained influence to get at least one other phony doctor hired in North Dakota. This person, I later learned, had obtained his degree in the same manner as my husband. He was later investigated by the State of Oklahoma, as was my husband.

In September 1979, we moved to Oklahoma, where my husband began practicing medicine at another State hospital. As he had done in North Dakota, my husband applied for and received a limited license to practice from the State. I later learned that there are few differences between a limited and a regular license to practice medicine. An M.D. with a limited license is restricted to practice medicine in only one specifically named institution. Additionally, the institution must show the need for such a person by demonstrating that they were unable to fill the vacancy with a regularly licensed M.D. An individual can obtain a limited license to practice in both North Dakota and Oklahoma without having an ECFMG certificate.

My husband and I divorced in 1981. However, we maintained contact with each because of our children.

In 1984, I learned that a small child at the State hospital had been physically abused (human teeth prints were on the buttocks) as well as he was over-medicated. Although I don't believe my husband was involved in this incident, I became afraid that someone would eventually be hurt by the inadequate and under-educated care he was providing. I notified authorities about his background, which led to his conviction for practicing medicine without a license. He was sentenced to 5 years in prison.

I can tell you honestly that, at first, I believed that my husband was going to work diligently for his medical degree. I soon learned that he did want to shortcut the system—that he wanted the prestige and other benefits of a medical degree for the least amount of time and effort.

I am not aware of my husband causing direct injury to any of the patients he treated, but we really have no way of knowing. I only know that I came here today to try and point out the need for changes in the system that allowed my husband to go so far with fraudulent credentials.

Thank you.

Mr. **Pepper**. Mrs. X, we thank you and commend you for your willingness to disclose the sad story that you have related to us. We hope it will be beneficial to many other people.

Next we will have Mr. Frank Goldfarb of Video Diagnostics, Inc., Miami, FL.

STATEMENT OF FRANK GOLDFARB

Mr. **Goldfarb**. Good morning. My name is Frank Goldfarb. I am the owner of Video Diagnostics, Inc. of Miami, FL.

I started my firm with a business associated in 1982 to develop, manufacture, and sell endoscopic video equipment, used by physicians to look inside body cavities and then transmit these images to television screens. Unfortunately, my company, which started off in a very promising fashion, was practically brought to ruin by a fraudulent practitioner.

Video Diagnostics has probably lost an estimated million dollars in potential business per year since 1982. Many months of long labor on my part were for no end. My personal and business relationships have been strained. All of this is sad but what is also sad is that this impostor, who posed as a Ph.D. degreed engineer, persists in practicing his fraudulent trade. Potentially, this man is placing people in financial danger and he poses a threat to the well-being of those who come into contact with him.

I will take a few moments to explain why I make these strong statements. Approximately 5 years ago, my associate and I learned that a market would be opening up for the sale of special video equipment to be used with a medical instrument called the endoscope. My background at that time was in real estate and my colleague worked in the medical sale business. We had limited technical knowledge so we explained our concept to video technicians, who were not degreed engineers, who developed a prototype video camera for us. With their assistance, we developed a sample product and found our first buyer, which is a national endoscope distributor, with 35 sales representatives in the U.S.A. market.

The buyer agreed he would initially buy 60 cameras at a price of $6,000 apiece, for a total of $360,000 in immediate sales. He even went so far as to forecast sales of at least 120 units per year if things went well. My partner and I were naturally elated. We thought it was the beginning of a promising business future.

Now that we had an idea of the equipment we wanted to produce, we developed a preliminary model and tested it. It appeared to work well, and in fact, did, in Miami. However, we soon learned that our camera prototype had an interference problem when used in California. Our prospective buyer urged us to correct the problem or face losing their account.

The decision was made to seek the assistance of a degreed engineer as it was determined that our video technicians did not have the know-how to correct this problem. We knew we needed someone with more advanced knowledge, so through a mutual friend we hooked up with a company called UMI, Inc. in Florida. The corporation owner passed himself off as a consultant in the field of medical technology and engineering, and as a designer and manufacturer of medical instruments. He showed me a resume listing some very impressive credentials: a bachelor's degree in philosophy from the University of Missouri at Rolla, two master's degrees in electrical engineering and mechanical engineering from the same school, and a Ph.D. in biophysics from the University of Illinois.

These degrees were all false. I have documentation produced by the University of Missouri to support this statement. He did, in fact, attend the University of Missouri, but never graduated. This is in direct contrast to a transcript provided to our attorneys by this man at a civil proceeding that showed he did possess these degrees. It was a forged transcript.

His partner was a man I had heard about previously as he has an excellent reputation in the south Florida area as a vascular surgeon. They seemed to be a very impressive team. My partner and I did not even think about running a background check largely because of the credentials of this physician. I certainly regret that decision now. I have thought about it many times over the last 3 years.

Our 1 year of collaboration with UMI brought nothing but frustration. My partner and I knew we weren't making any progress with our product and that we were no further toward developing the product we needed than we had been before we met UMI. We lost that promising first account and also our edge on the market. This loss accounted for a potential of $1 million in a year. In addition, we lost approximately $100,000 in video cameras and equipment that we had turned over to UMI to settle a financial agreement, as well as $10,000 in legal fees from the court case we subsequently filed.

While we won the case and received approximately a $550,000 settlement against the company and the fake engineer, it was only a paper victory. We have yet to see one cent of that money. Neither UMI or the fake engineer have paid us any of the money they owe us for the substantial losses we incurred. They are now doing business under another company name and the fake engineer claims he has no assets—none—yet, he was last seen driving around in a $15,000 Avanti automobile.

The situation has been a horrendous one for me. But as I said, the most frightening thing is that this man continues to practice his fraudulent activities, placing at risk decent people like myself who basically trust and do not check credentials. Even after he lost the court case, he is free to continue this kind of deception against innocent people. The State Attorney's Office in Dade County, FL has filed perjury charges against this man as a result of our civil trial and we anticipate a criminal trial within the next 30 to 60 days. We have been told that he will probably receive probation.

You may wonder what I have learned from this experience. No. 1, I would advise anyone in my position to consider—I think it's Latin, a Latin phrase—caveat emptor, let the buyer beware. Take the time to check qualifications first. An ounce of prevention is worth much more than a pound of cure.

Unfortunately, I have also learned the frustration of some situations like these. I have accounted financial, marital, and psychological hardships as a result of this one person. And he is still free to do the same thing to anyone else who is naive enough to trust him.

In spite of lawsuits, trials, judgments, and perjury, this man is still working. I don't think penalties dealing with situations like this are harsh enough. What is happening to this man is comparable to getting a spanking and being sent to bed without dinner.

I don't know the answers, but I am gratified that Congressmen Pepper and Bonker are making these situations more visible so that we can start dealing with these problems effectively before they get worse. I would like to thank them for this opportunity to tell of my experiences and hope that I have been of some help.

Thank you.

Mr. PEPPER. Thank you very much, Mr. Goldfarb. We appreciate your statement.

Now the next and the last witness on this panel is Ms. Helen Houston. Ms. Houston, we are pleased to hear from you.

STATEMENT OF HELEN HOUSTON

Ms. HOUSTON. Good morning. My name is Helen Houston. I am the executive director of Middletown Psychiatric Center, which is part of the State hospital system of the State of New York, treating people who are mentally ill.

Fairy tales begin once upon a time. I am about to relate a story. Unfortunately, it is not a fairy tale nor is it a bedtime story. It is, unfortunately, a detailed, chronological narrative of three individuals who presented themselves as qualified to work as psychiatric residents at Middletown Psychiatric Center, the investigation that showed they were not so qualified, and what happened to them.

To qualify for a psychiatric residency position, these three men must have had an undergraduate degree or equivalent, plus a degree from a recognized medical school, as well as evidence of having had clinical training. Perhaps in bold contrast to what you might expect, these men, at this point in their careers, did not need a license to practice medicine. Residents may practice medicine under the sponsorship of a hospital.

All three men presented credentials which were checked at the time of their hiring, but which we in fact found to be fraudulent. Here are the details as they unfolded at Middletown Psychiatric Center in the fall of 1983.

I will call the first individual Anthony Scales—not his real name. At the time of his application and employment processing, Scales presented himself as someone who had a B.S. in biology from Brooklyn College, followed by a standard 4-year training program in an approved comprehensive medical training program roughly equivalent to that provided by medical schools in the United States, from CETEC University in the Dominican Republic.

As to his postgraduate training, he appeared to have completed the equivalent of an internship as well as a PGY II—that is his second year of residency training—at a sister psychiatric center in a satisfactory manner.

Moreover, there was a clear indication of both satisfactory training and experience certified by letters of recommendation. Scales presented original diplomas and letters of reference that were scrutinized and copied for our files. While it appears it may have been relatively easy to acquire medical credentials and pass them on as the real thing, it is yet another matter to function, to perform as a doctor, when one is not a physician.

It was that inability to act as a doctor on Scales' part that alerted us to the possibility that something was amiss. From time to time, numerous questions regarding Scales' ability and competence cropped up during the course of his employment at the center.

The first was, Scales appeared reluctant to care for patients on an emergency basis when he was serving as officer of the day.

Second Scales seemed lacking in his knowledge of the practice of medicine in the judgment of his clinical supervisor, the associate director of residency training.

Third, Scales used lay terminology rather than usual medical terms in his officer of the day reports to the medical director. For example, he said bruise instead of ecchymosis, which is the more precise scientific term.

With suspicions aroused, we investigated Scales' background more thoroughly. Here are our findings:

We learned Scales does not have a B.S. degree in biology from Brooklyn College as he asserted in his application. A true transcript from Brooklyn College shows completion of only 47 credits. Approximately 120 credits are required for completion of a degree.

Further, Scales, (1) did not attend Universidad CETEC from 1976 to 1979, nor graduated in 1979 as represented on his application; (2) did not perform a rotating internship at Miami International Hospital from December 1978 to March 1980 as presented in his application; (3) did not perform an internship as that term is ordinarily used in the United States prior to commencing training as a PGY II residence in psychiatry at Manhattan Psychiatric Center; (4) did not successfully complete a PGY II year at Manhattan Psychiatric Center as represented on his application; (5) did not receive a waiver for the PGY I year from the American Board of Psychiatry in Neurology.

And as if this weren't enough, in addition, a letter bearing the name of Earl Wright, M.D., former director of residency training at Manhattan Psychiatric Center, has been repudiated by that department and appears not to bear the authentic signature of Earl Wright.

Second, numerous other discrepancies and material omissions appear in documents presented by him at or around the time of his commencing residency training at Middletown Psychiatric Center.

Third, Scales had not been certified by the Education Commission on Foreign Medical Graduates nor completed, as was represented by him at the time of his acceptance for training at Middletown Psychiatric Center, an authorized fifth pathway program. And, therefore, has never been qualified at any time for participation in any accredited program of postgraduate medical education under the criteria of the Liaison Committee of Graduate Medical Education of the American Medical Association.

On November 23, 1983, Dr. James Dilon, the acting director of residency training, informed Scales that he was not being given credit for his PGY III and IV years.

Following a second meeting in Albany, which is the State capital of New York, on December 14, 1983, with representatives of both the Offices of Mental Health and the New York State Department of Civil Service in attendance, during which documentation was presented, Civil Service representatives agreed to disqualify Scales upon his receipt of notice from the Civil Service Department.

Copies of the investigation report and accompanying material were also given to the State Education Department, the Bureau of Professional Licensing, the local police, an Office of Mental Health Investigator, and Office of Mental Health Legal Counsel.

Interestingly enough, we were not finished with dealing with fraudulent doctors. We were about to discover that lightning can strike twice. Close review of Scales' personnel file revealed a reference from Werner Baxter, not his real name, a new PGY II resident at Middletown Psychiatric Center.

This caused us to review Baxter's file, where we found a letter of reference from Scales, so that they were writing each other references.

An in-depth investigation uncovered several discrepancies. There was a letter of reference that proved not to have been signed by the person whose name appears as the signer. There were also discrepancies in his medical postgraduate training. For example, one document showed him to be in an OB/GYN clerkship from July 1 through August 31, 1980 at Baptiste Medical Center. Another document showed him to be in an urology rotation for a clinical internship at the Brooklyn VA Hospital during that same time period.

Baxter could not explain these discrepancies. Since he was a temporary employee, he was dismissed from service.

Lightning was now about to strike for the third time.

As a result of increased scrutiny and new procedures for references, a third person, Brian Williams—again not his real name—serving in a PGY I position was discovered, who had: falsified his application; submitted a letter of recommendation that was not signed by the person identified as the signer; and third, submitted references that could not be reached. Brian Williams was a temporary employee and was terminated.

It is of interest to note that:

One, Scales and Baxter both applied for and were accepted for medical positions at a university medical center, Baxter as a resident and Scales for a medical clerkship, within the same State as the hospital where I work, within months and after the publicity of this finding. Only by the fact that the director of the residency program personally knows me and called me, were they able to discover who these people were and root them out. It is our belief that these two people, or, all three people, are probably practicing medicine somewhere within the United States, and likely within the State of New York.

There has never been any criminal proceedings brought against any of these people although complete information was shared with all of the enforcement agencies.

Although the Civil Service disqualification letter to Scales states that an appeal may be made only in writing within 30 days of receipt of the letter, which would have been February 1, 1984, in fact, Scales made a personal appearance appeal on June 21, 1984, a determination has not yet been made by the New York State Department of Civil Service, and the case is still considered to be open, nearly 2 years later.

This odyssey has been a learning experience not only for me, but for all of the staff involved.

For example, we learned to mistrust the "To Whom It May Concern" letters of reference. However, our nonphysicians had to learn that candidates for residencies, legitimate candidates, apply to 50 to 100 residencies, and with that number it would be impossible to have professors write individual letters of reference addressed to each place of application.

Consequently, we have then had to think of ways to check references. We now send a copy, for example, of the "To Whom It May Concern" letter back to the writers and ask them to verify if it is in fact their letter and signature. That is how we caught the third person.

We had to learn that looking at "original" diplomas did not mean what we thought it meant, and we have seen the demonstration this morning. There are apparently ways of getting original diplomas with signatures, ribbons and seals, and references that appear but are not in fact valid.

We also learned and learned in the sense of truly understanding the meaning that there was no central place to go to get information on residents, or for that matter, on any licensed person.

There is a central voluntary registry maintained by the American Medical Association. However, this registry is not accessible either to hospitals or to individuals. It is accessible only to State regulatory bodies. Moreover, States send information regularly, some—some send data irregularly, and some send nothing at all.

Further, States under financial pressure in recent years have discovered a "silent" place to cut expenses without annoying the voters: and that is to reduce the staff of regulatory bodies such as State licensing boards.

Our experience in pursuing credential checks has convinced us that at every level there are too few hands for too much work.

There was a day, and unfortunately or fortunately, however you look at it—I am old enough to remember when Civil Service departments truly were staffed and could conduct careful reviews of résumés and credentials. This meant that there were people who had established relationships with universities and regulatory bodies. They could, as a result of time, knowledge, and relationship, obtain information accurately and easily. That is not so today.

When we as a hospital set out to check credentials, we are just one of hundreds approaching a university or a regulatory body. There is no time for relationships.

There are yet other stumbling blocks that make it difficult to uncover bogus doctors. Each State sets its own licensing policy and that is one major obstacle. Many may defend that as a State's right. Before we are seduced by that argument, I think we ought to consider that we are no longer a relatively slowly moving or immobile society. Indeed, we have, with Justice, been dubbed the mobile society.

Here is what I think is an interesting statistic from the U.S. Bureau of the Census: the total number of people who moved within the United States during the 1-year period from March 1983 to March 1984 was 39,379,000 people. Of that number, 6,444,000 moved across State lines.

There is yet another complicating possibility. I live in a county that is within 45 minutes of two other States, and 1 hour within a third State. What that means is that I have four States, if I were to decide to practice illegally, that I could ply my trade in—whatever the trade was that I decided to ply.

It seems to make sense, then, to have Federal legislation for a central registry of all professions. For physicians this means a registry at two levels. One for medical school graduates, a second for licensed physicians that would be regularly updated throughout the career of the professional. I must emphasize the importance of the updating throughout the career of the professional because, as we all know—if you have seen 60 Minutes recently, that there are States in which once you get a license there is very little regulation, and sometimes things happen to professionals in their careers that need monitoring.

Such a registry should be accessible to hospital personnel as well as to individual patients. This would not infringe on the right of States to set such licensing standards, but it would provide access to information.

Thank you very much.

Mr. **Pepper**. Thank you, Ms. Houston, for a very, very interesting and almost frightening story that you have told us, especially that part of it that shows the tardiness with which the State authorities that have to do with the prevention or correction of this sort of thing are moving to prosecute those who have falsely practiced their profession.

It occurred to me that since you speak so much about movement, at least Congress could legislate that it would be a Federal offense for those charged with possession of phony credentials in one State to move across State lines and attempt to perform some professional function in another State.

Mr. Bonker, any questions?

Mr. **Bonker**. Mr. Chairman. I think that the panelists really have given the committee a better understanding of the problems that exist. I rather imagine we are just seeing the tip of the iceberg with the problems that each of you has encountered. I really don't know how we are going to find a remedy when we see authentic certificates. Sometimes we see people—maybe they have mastered the nomenclature; they understand the basics of the professions so that they can con their way through.

Was that your experience, Mr. Goldfarb? The people to whom you make reference, do they possess some skills that would lead you to believe that they were properly educated and credentialed?

Mr. **Goldfarb**. Absolutely. That's why I mentioned—my background was in real estate and my partner's background was in sales. It doesn't take too much knowledge of electronics to impress somebody who is not knowledgeable about a subject at all. He was also smart enough that when he surrounded himself with people that were knowledgeable, he became very quiet, and would nod his head in agreement, disagreement, but spoke very little. So, yes, that is the case.

Mr. **Bonker**. Mrs. X, you made comments with respect to your husband and earlier enrollment in a medical school in Santiago.

Mrs. X. Yes.

Mr. **Bonker**. And then in the Dominican Republic. So the foreign problem is a very real one as we attempt to check the authenticity of the person's credentials.

Mr. Chairman, I would like to offer for the information of the committee, a news release that has been released today by an organization called The Committee for Fairness and Equity in Medicine. They are taking exception to some of our findings, but I really feel that when it comes to foreign medical certificates and a person's entitlement, if you will, to practice medicine in the United States, that Congress does have a role to play. While it is up to the States to regulate professions through their various commissions and agencies, when it comes to foreign professional schools, and allowing people to come into this country and practice medicine, I do think perhaps the Federal Government does have a role also.

Just to make the record complete and in fairness to people who may take exception to our findings, I would like to offer this press release for the record.

Mr. **Pepper**. Without objection, it will be received.

[The document follows:]

Congressional Report Challenged As Fraudulent and Misleading

The Committee for Fairness and Equality in Medicine today challenged a Congressional report which found that 10,000 doctors possessed fraudulent degrees.

Bernard Ferguson, Executive Director of the Committee for Fairness and Equality in Medicine said, "the report released by Congressmen Pepper and Bonker does a disservice to the medical profession and to those young men and women who have obtained their education at foreign medical schools. Further, major representatives of organized medicine and government investigators themselves have disavowed the 10,000 figure."

"The charges made today (Wednesday, December 11, 2318 Rayburn House Office Building, Washington, 9:00 a.m.) are not new and have been thoroughly investigated over the last several years. The net result was that some 40 people were found to have obtained fraudulent degrees. The hearing today is a weak attempt by the Congressmen to obtain headlines in an effort to tar an entire group of dedicated doctors who serve hospitals and patients far away from the 'doctor glut' of New York's Park Avenue or other wealthy sections of our major cities," Mr. Ferguson said.

The severely controlled number of students admitted to American medical schools compels the most determined of those not accepted to pursue their chosen careers outside the United States. The Congressional committee and the medical establishment chooses to ignore the fact that many of these students are indeed acceptable to the finest and most prestigious American medical schools which accept them when slots open up permitting them to transfer from a foreign school into an American school.

Mr. Ferguson pointed out that among our nation's practicing physicians today approximately 112,000 had received their medical school training in nations other than the United States. These men and women have been serving in every state in all medical specialties and comprise approximately 20 percent of those practicing medicine in our country.

Mr. Ferguson, an acknowledged expert on this subject, had requested an opportunity to testify at today's hearing in order to present the actual facts of hundreds of graduates of foreign medical schools and those currently enrolled. His request was denied.

The Committee for Fairness and Equality in Medicine recently completed a survey of license revocations in a number of states. The lie so often repeated claiming the superiority of the United States graduate became evident upon analysis of the survey which found a higher percentage of graduates of American Medical school graduates had their licenses revoked than those who attended foreign medical schools, for example:

In California, 377 doctors who graduated from American medical schools had their licenses revoked in the period of 1980–1985 compared to 42 graduates of foreign medical schools, and in New York 28 doctors had their licenses revoked and were graduates of American medical schools compared to 15 who graduated from foreign medical schools from 1983 to 1985.

Mr. **Pepper**. May I just make a comment on that matter, Mr. Bonker?

I am told that maybe as many as half of the medical students in offshore schools are from the United States, going to medical schools in other countries, presumably, because they cannot get admission to medical schools in this country. I know when some members of a House committee and I, in January of this year, visited Grenada, we talked there to the proprietor of a medical school that they had, with several students from the United States.

Now we want to make it clear that if a foreign school, foreign medical school, is properly authenticated and accredited, and has a curriculum comparable in quality to the curriculum of medical schools of proved status in the United States, and if the students that go there finish those classes and perform work comparable to what they would do in the United States, and are bona fide graduates of those schools which are accredited schools, we have no criticism whatsoever.

I would like to see our own medical schools admit a number sufficient to include all those who want to go to medical school, like other schools, for that matter, under general circumstances.

But what we are talking about has been made clear by these very good witnesses here today, of people practicing under false pretenses—like this Ph.D. that I got. I didn't any more earn a Ph.D. degree than anyone in the audience here today—except paying the sum of money in order to get it. We are talking about fraud and people sailing under false certificates and alleged false authority.

Now, may I just add this. These cases that our diligent staff have found—and I commend the selection of the witnesses who are here—are dramatic and moving. How many other hospitals are there where people died or suffered injury in incidents which have never been published—or how many other cases are there when people professing, pretending to be doctors, are butchering or mistreating people, without it ever becoming public knowledge, all over the United States?

I am sure the doctors, the bona fide doctors, whom we honor in this country, would want to rid their profession of these pretenders who are fraudulently claiming the right to be doctors. They would, I am sure, want to encourage us to try to find them—and we want public authority to weed them out and punish them as rapidly as they can be discovered.

Yes, Ms. Houston?

Ms. **Houston**. Sir, I would like to just make one point that I perhaps wasn't clear from my testimony, and that is, that all three of these people are native born U.S. citizens. I understand the point that was being made in terms——

Mr. **Pepper**. You mean these people that you talked about?

Ms. **Houston**. That's right, are native born, United States citizens, who, for various reasons, have diplomas—and I, for one, think the authenticity of their diploma is in question, from the off-shore medical schools. I do think that the question of regulation of the off-shore medical schools and whose responsibility that is, and what kind of regulation that is, is a serious question, because that is where much of the diploma mill, in terms of physicians, happens.

Mr. **Pepper**. We are not calling these people that are the spurious pretenders foreigners. When Mr. de Mesones testified before our committee some months ago that he collected $1½ million from 165 people who bought spurious medical credentials from an alleged university in Santo Domingo, presumably all of them were Americans. They were just trying to make money by becoming doctors.

Have you finished?

Mr. **Bonker**. Yes. However, let me say that this dialog is putting forth a valid concern about how we assure the authenticity of the medical background of a person who comes from an offshore Medical school. That is something I think maybe this committee can pursue.

Mr. **Pepper**. Mr. Wyden?

Mr. **Wyden**. Thank you very much, Mr. Chairman. Just a couple of questions, if I might.

Mr. Hamilton, let me start with you. It is my understanding that beside the case in your testimony, there were other instances where you saw a doctor practicing without a license; is that correct?

Mr. **Hamilton**. Not exactly. During the investigation of this case, we found people with similar credentials had been attempting to practice medicine in the military services. I am from the Silicon Valley area. I have done investigations in the fraud area before. We have instances of persons falsifying graduate and undergraduate degrees in order to obtain technical jobs in that area. On many occasions, I have done investigations on people practicing law without a license.

Mr. **Wyden**. My only other question for you, Mr. Hamilton, is what do you think of a job that the professional societies are doing when you look at the whole panoply of areas? You just mentioned law and technical training, and, of course, medical care. What do you think of the job that they are doing to try to watchdog this problem and bring it to the attention of authorities like yourself? I mean, you are a prosecutor in a modest-sized D.A.'s office. What do you think of the job of the professional societies?

Mr. **Hamilton**. I think the machinery is there in place. But I think, like a lot of other areas, the budgetary considerations limit the amount of time that is needed for thorough investigations of these types of different professions that you are looking at. I don't believe that enough time has been put in on this.

Mr. **Wyden**. I certainly agree with that. I would go a step further and say I think there is real foot-dragging among professional societies, and really an unwillingness to look at the proportions of the problem—and certainly you are right about the budgetary considerations.

Just one question for you, Mrs. X, if I might.

If you hadn't blown the whistle and bought attention to the authorities, how much longer do you think your exhusband would have been able to stay in the field without anybody knowing about his lack of credentials? Would he have just been able to stay out there practicing indefinitely?

Mrs. X. Probably. I don't think he would have ever been caught unless something extreme had happened, like a mistake. I have noticed that they don't investigate the credentials even at that point. They didn't until I told them to, and I told them where to look, and I told them why. They actually looked at me and I am sure they thought that, is this woman crazy. Is she telling us some farfetched story. The day that I called OBI, he had just received a call—he has never been to this school, he has no such credentials.

Mr. **Wyden**. Their initial response was not to aggressively go after it, but to really question whether you were responsible. And as you said, some thought you were actually a little bit off, a little bit crazy?

Mrs. X. Right, they hadn't heard of this, they hadn't thought of it. You know, during the whole investigation of this child—and we are looking at everything but the doctor. I thought any minute they would find him out, and they wouldn't have, they wouldn't have. I couldn't take any more.

Mr. **Wyden** [presiding]. The phonies certainly seem to be falling between the cracks of the various kinds of disciplinary approaches.

Mrs. X, you have shown great courage. On behalf of Senator Pepper, we very much appreciate your assistance. And unless any of our other panel members have further comments they would like to make, we will excuse you at this time. Thank you all.

Mr. **Wyden**. Our next witness will be Mr. Anthony Geruntino, inmate, Terre Haute Federal Penitentiary, Terre Haute, IN, former "Senior Guidance Counselor" of Vocational Guidance, Inc., Columbus, OH, and former president of Southwestern University, Tucson, AZ.

If you would come forward, Mr. Geruntino, we welcome you to the hearing.

We would ask that all of you remain seated as well as part of this panel.

Mr. Geruntino, we welcome you to the subcommittee today. We will make a copy of your prepared remarks a part of the record in their entirety, and if you could summarize your principal concerns in the interest of time, I know that will allow plenty of time for questions the subcommittee is going to have. We welcome you and look forward to your testimony.

PANEL TWO, CONSISTING OF ANTHONY JAMES GERUNTINO, INMATE, FEDERAL PENITENTIARY, TERRE HAUTE, IN

Mr. **Geruntino**. Thank you, sir.

Mr. Chairman, members of this subcommittee:

I am Anthony James Geruntino. I am currently an inmate at the Federal Penitentiary at Terre Haute, IN.

On May 22, 1985, I pled guilty to violating both the mail and wire fraud statutes. On July 8, 1985, I was sentenced to 5 years in jail.

I want the subcommittees to know that I am here today because I deeply regret the actions which led to my conviction and incarceration. I am here voluntarily in the hope that my cooperation with your subcommittees might help right the wrongs that I have committed.

For about 5 years I engaged in the business of "expediting" college degrees. Through a company I organized, Vocational Guidance, Inc., in Columbus, OH, I placed advertisements in numerous publications like Popular Mechanics, Popular Science, Psychology Today, and the National Enquirer. Essentially, Vocational Guidance was an educational consulting firm which operated primarily through the mail.

I advertised that I could help students get university degrees based on their life experience—cheap and fast. You have some of the advertisements on display, including an ad which I now understand that your Subcommittee on Health and Long-Term Care responded to after viewing it in an April 1985 edition of Popular Mechanics.

I might add here that the paper press is literally the lifeline of diploma mills and other false credential operations in the United States. Whereas legitimate schools have actual courses, facilities, campuses, alumni, and academic standing to use as promotional aids, phony mail order schools have only the paper press to promote its wares because, in most instances, none of the other trappings truly exist, and I will comment on this later.

Although Vocational Guidance, Inc. existed in Columbus, OH, it acted as a screen for other schools like Northwestern College of Allied Science, and later, American Western University. Both schools existed only at post office boxes in Tulsa, OK and in Springfield, MO.

The State of Ohio does have laws governing the licensure of private postsecondary education institutions, which includes requiring evidence of planned curriculum and faculty. Therefore, I advertised nationally from my office in Ohio—but degrees were secured from so-called universities and colleges located outside of Ohio, where licensing standards for private, postsecondary schools are less stringent—like in Missouri, where AWU existed only as a post office box.

Both NCAS and AWU were "accredited" by what turned out to be fictitious, nonexistent accrediting agencies which had been created by my friend to legitimize both institutions.

On March 16, 1982, I founded Southwestern University in the State of Arizona. Arizona, incidentally, is one of the five States, including Hawaii, Utah, Wyoming, and Missouri, which have no laws governing the activities of private postsecondary academic institutions. That means that there are no State-mandated guidelines that have to be met, no onsite inspection requirements, no licensing or verification procedures for corporate officers or faculty members, no required annual disclosure statements, and no State agency assigned as a watchdog.

In January 1985, Arizona passed a law governing a license for institutions that require a license, and Missouri passed legislation that went into effect in the summer of 1985. Mail for Southwestern University was received at general delivery in Tucson, AZ and then forwarded unopened to our office in Ohio.

On April 15, 1982, an undercover agent from the FBI obtained from me a master's degree in business administration for $510, and later obtained another master's degree in business administration from one of my employees for $830. Both degrees were accompanied by transcripts which reflected numerous courses and grades, even though no course work was assigned or completed, or any other work being required to be submitted. This FBI agent toured my Columbus, OH office.

On October 13, 1982, the FBI executed a search warrant and seized records and student files at SWU offices in Tucson, AZ and Columbus, OH. These documents included the names of graduates of both NCAS, AWU and, finally, Southwestern University, which you have before you, Mr. Chairman.

During late 1984, just prior to new legislation becoming effective in Arizona, I moved SWU to Utah and, in late February 1985, after SWU's license to do business in Arizona was revoked, I opened up a business in Salt Lake City and graduated approximately 75 students from my university by April 15, 1985.

Meanwhile, on Feburary 7, 1985, the Federal Grand Jury, Western District of North Carolina, Charlotte, had returned a 31-count indictment where I and others were charged with wire and mail fraud, conspiracy, and aiding and abetting in their operation of the above-mentioned diploma mill scheme since February 10, 1980.

It was later determined that during the course of my operation, approximately 2,000 diplomas were awarded, grossing approximately $2 million. You have before you a list of all graduates from my universities and schools that I have been associated with.

On May 22, 1985, I appeared in the U.S. District Court of North Carolina, in Charlotte, and entered guilty pleas to violations of both fraud by wire and mail. On July 8, 1985, I was sentenced to 5 years in prison and fined $5,000.

Who were my clients? What degrees were they seeking and how can you differentiate between a graduate of a "real" or a phony credentialing institution? I believe I am an expert in responding to these kinds of questions.

First, there is a real market for individuals seeking credentials to advance their employment opportunities without the costs and time commitments associated with traditional educational opportunities.

Second, about 50 percent of my clients were pursuing degrees at the baccalaureate level, 30 percent at the master's level, and 20 percent at the Ph.D. level. For the record, my clients ranged in age from 25 to 65, and I would estimate that 9 out of 10 were male.

Business administration was the occupation of choice, followed by engineering, the health professions, then teaching, in the field of education. I was not involved nor did I expedite any degree in the area of medicine because I felt personally that such a credential was unconscionable. However, I was aware that this happening was being transpired throughout the country and overseas.

Clients paid from $575 for a baccalaureate degree to about $1,700 for a doctorate—the value of the degree on the job market actually determined the price. I would advertise a discount of 25 percent sometimes, in cases where a candidate applied for more than one degree at the same time.

I know what I did was wrong, but what I want you to know is that I still believe that there is a place for non-traditional education in the United States today, legitimate alternatives for Americans seeking non-traditional degrees.

I hope that all prospective candidates for degrees will consult with the Council on Postsecondary Accreditation, commonly known as COPA, to determine whether the institution they are considering investing in is indeed accredited to grant degrees. This is a sure sign that the institution is equipped academically to do business. Most phony institutions will not be listed in the publications of COPA.

Next I would like to recommend that the Federal Government take a few steps to prevent the proliferation of a market I found easy to exploit. I would like to add that I was doing a good job, but an average business. There are about 150 of the other type of institutions, each of which are graduating approximately 3,000 "students" before being caught. These are conservative estimates. But this equates to about 350,000 unqualified individuals who are employed in professions ranging from architect to zoology—some of whom will affect your lives in a very significant way and, on the other hand, there are some who professed "expertise" may have life-threatening consequences. In this case, this is even more traumatic, and certainly should be stopped, and stopped now.

I would like to make some recommendations in the area of how to stop the diploma mill industry.

You need to eliminate the advertising and the mailing lists pertaining to bogus schools; legislate strict penalties for buyers of false credentials; educate the public and employers as to the names and locations of bogus schools; establish a national hotline, perhaps, so that the public and the employers have an avenue to choose where they can make inquiries about such bogus institutions; have an active listing of bogus schools available with the American Council on Education; encourage employers to do more checking on employees' backgrounds and credentials; and continue to prosecute operators of bogus schools.

I would like to see all of these things done, while at the same time avoid outlawing new and creative concepts of education and allowing high achievers to earn accelerated degrees through special programs.

If we can legislative new laws to control diploma mills and users of false credentials and yet not destroy creative innovation in the educational field, these subcommittees can surely consider their efforts a grand success.

I thank the subcommittees for allowing me to participate in your efforts and to contribute in some small measure. I am ready to answer any questions that you may have and stand ready at a later date to be available as a consultant in some capacity to advise, to amplify, and to work with perhaps some committee members and provide details and amplification of my testimony offered here today.

Thank you.

Mr. **Pepper** [presiding]. Thank you very much, Mr. Geruntino.

The Honorable Edward Roybal, chairman of the Select Committee on Aging of the House, has honored us with his presence. Would you like to ask questions?

STATEMENT OF REPRESENTATIVE EDWARD R. ROYBAL

Mr. **Roybal.** Yes, thank you, Mr. Chairman.

First of all, I would like to commend you and Mr. Bonker for the tremendous effort in holding this hearing.

Now, I firmly believe that the strength of the American medical system lies in the strength of its medical education and licensing systems. We cannot allow the quality of American medicine to be compromised by fraudulent licensing practices that would jeopardize all Americans. But the same thing holds true, Mr. Chairman, on any licensing or degree that is made available by some of the bogus schools throughout the country.

Now, as the two subcommittees explore the extent of the credentialing problem, health care providers have, and will continue to play a critical role in uncovering cases of fraud. The survey work of the AMA is a case in point. This type of monitoring is but one of many elements of a minimal quality assurance system needed for all Americans.

I would also like to compliment you, Mr. Chairman, for including the VA, which is a recognized leader in medical education and training, in today's hearing. I think it is most important that we not only look at everyone else but also look at what is going on in our own Federal bureaucracy. In other words, you are looking at the entire situation, which is not only the fair thing to do, but it is the proper thing to do.

I would also like to compliment, Mr. Chairman, the young man that has just testified. I think his testimony is most excellent and if I may, I would like to ask him one or two questions.

Now, you have said—and I will address myself to the witness—that business administration was the occupation of choice, followed by engineering, the health professions, and then teaching. You go on to say that "I did not expedite M.D. degrees because I personally felt this type of credential to be unconscionable. However," you went on to say, "I was well aware of the facility with which this type of degree could be obtained."

Would you elaborate on that?

Mr. **Geruntino.** Yes; sir. In the area of health care and health science, my school primarily would do evaluation work in the area of the sciences and not necessarily the hands-on kinds of professions in which an M.D. would be required. In other words, an individual, as you mentioned, should have some sort of licensing in order to perform whatever occupation they have in the health field. Now, consequently, the health care sciences is not, from my understanding, considered to be a hands-on profession. It is a study of health versus a practical usage of health care or medicine.

Mr. **Roybal.** After the student or applicant got his degree from the school that you have established, did he actually go through a prescribed course of education?

Mr. **Geruntino.** Students generally were required to put together a portfolio of all their past academic transfer credit, life and job-related experiences, achievement, military background, of course if they had it. This portfolio was the basis of the equivalency evaluation. But they were indeed asked to put together a package of their credentials.

Mr. **Roybal**. Isn't it true that there are some universities throughout the country that do give credit for work experience and they are not classified in what you call the bogus schools?

Mr. **Geruntino**. Yes; sir, that is correct.

Mr. **Roybal**. So there is a difference, then, between your description of a bogus school and some universities that I understand do give credit for life experience?

Mr. **Geruntino**. Yes; sir, that is correct.

Mr. **Roybal**. All right, then, what is your definition of a bogus school?

Mr. **Geruntino**. A bogus school simply is an institution that provides a credential for money. There are no academic requirements. There are no teachers, no facilities, no academic proof required whatsoever.

Mr. **Roybal**. Is it also possible that the student need not attend any classes and just get a so-called diploma, or certificate, or degrees?

Mr. **Geruntino**. Yes, sir, there are several schools, as you probably are aware of, that simply offer an accredited degree exclusively through correspondence. Those schools would be the Thomas Edison Program in New Jersey, the University of State of New York, NY; Governor's State University in Illinois; and there are several others that have gone through the accrediting process that in essence do very much the same thing.

The real problem with identifying the bogus school from a school that is making a legitimate attempt to evaluate and to provide a credential to an individual is that they are what I consider to be weak in providing a curriculum that would be acceptable by traditional universities, or COPA, or the American Council on Education. They in essence have a different criteria, if you will, for earning an academic award.

Mr. **Roybal**. One last question with regard to your first recommendation, and that is to eliminate advertising and mailing lists pertaining to bogus schools.

In your particular case, did you do a lot of advertising, and was your school advertised as a university or connected with a university, or how was it done?

Mr. **Geruntino**. It was advertised by classified ads indicating that it is possible to earn a university degree through mail or correspondence, and an inquirer would merely send in for that free information.

I pointed out in my testimony earlier that the lifeline to any bogus school or institution that operates primarily by mail, and its lifeblood is the advertising and their mailing lists. Without those two items there basically is no market. The product, if you will consider it from the standpoint of not necessarily a diploma but any other mail order kind of product, I think you will find that the same situation exists. Without a mailing list, without the ability to advertise, a school or institution of mail order will dry up.

Mr. **Roybal**. Thank you, Mr. Chairman.

Mr. **Pepper**. Mr. Wyden?

Mr. **Wyden**. Thank you very much, Mr. Chairman, I appreciate the chance to just ask one quick question.

Mr. Geruntino, we very much appreciate your being here and your cooperation.

My one question is: We have various associations in this country that accredit colleges. I come from the State of Oregon—the University of Oregon is accredited, it is an accredited college.

Did any of these associations ever contact you, or question you, or attempt to make any kind of analysis of what you were doing out there with your bogus school?

Mr. **Geruntino**. That's a very good question. It has been my experience, even though my school had an affiliate membership with the American Council on Education, it is commonly known in the non-traditional educational circles, for instance, that the accrediting process as it relates to a non-traditional school being without classroom for the most part, does not fit the criteria for meeting those kinds of standards.

The accrediting process itself, as you know, is a voluntary process—it is not a mandatory process in the United States. I think that eventually both the traditional educational system, non-traditional educational system, will have to close the gap and come to some common kind of an understanding as to what their difference in philosophies are and how they can work together to somehow join in providing a common focus point.

Mr. **Wyden**. That is a thoughtful answer. I am just amazed, though, that some of these associations didn't know about your activities and would ask you some questions. And then assuming they found out there was something misleading, would pass it on to authorities.

Mr. **Geruntino**. That is interesting you asked that. I have not known any kind of an accrediting body to solicit schools for their accreditation process. It seems that in order to be eligible for the national accrediting process, you have to be in business for approximately 2 years before you are eligible for candidate status or a correspondent status.

Mr. **Wyden**. The chairman has been very gracious—just one quick thought more.

As I understand it, people go into this field as of now from a motivational standpoint because it is easy money and there aren't really many obstacles to prevent them. Is that right?

Mr. **Geruntino**. I think perhaps 10 years ago that statement might be true. I think today, with the Operation Dipscam, which the FBI is doing a fine job and a fine job in prosecuting as well, I think that——

Mr. **Wyden**. It has gotten tougher?

Mr. **Geruntino**. Yes.

Mr. **Wyden**. OK.

Thank you very much, Mr. Chairman, I am very appreciative.

Mr. **Pepper**. Mr. Geruntino, did you say in your statement that you made about $2 million from your operation of colleges giving bogus degrees?

Mr. **Geruntino**. Yes, the institution did gross that amount of money. Of course, just like any other business, the corporation had salaries to pay, and advertising costs, and postage costs. Consequently, it is not all looked at certainly as being profit. As a matter of fact, that determination has never been made.

Mr. **Pepper**. Well, it is a pretty profitable operation, then, isn't it?

Now, your sentence is 5 years in prison?

Mr. **Geruntino**. Yes, sir.

Mr. **Pepper**. How long have you served?

Mr. **Geruntino**. I am in my 5th month.

Mr. **Pepper**. Do you think you will be released on probation in a shorter period of time?

Mr. **Geruntino**. No, sir.

Mr. **Pepper**. In other words, $2 million for 5 years. Aside from the humiliation of it, it's pretty good pay, isn't it?

Mr. **Geruntino**. If I had received $2 million, but I didn't.

Mr. **Pepper**. Are you familiar with Union University in Los Angeles, CA?

Mr. **Geruntino**. Yes, sir.

Mr. **Pepper**. Pardon?

Mr. **Geruntino**. Yes, sir.

Mr. **Pepper**. That is the one from which I got this spurious Ph.D. degree, by paying a sum of money—$1,800, I believe it was.

Tell us what you know about that institution, please.

Mr. **Geruntino**. Union University, from my investigation, if you will, is an organization run pretty much by non-Americans, or people who whenever I called couldn't speak English, as an American, you know, naturalized American. So I think it is being run by people from a foreign country.

Personally, I think that their curriculum is somewhat weak—they have a liberal program. I think the primary problem with an institution like Union University is that the State has authorized it to operate, and they are under the auspices of State licensing.

Mr. **Pepper**. Now, here is their degree. It looks, of course, like a very impressive document. Now it reads, "Union University, the Regents, on the recommendation of the faculty and by virtue of the authority in them vested, have conferred upon C.D. Pepper"—now, this is the pertinent part—"who has satisfactorily pursued the study and met qualifications of this university". Now, I never pursued any study. Therefore, that is totally a falsehood. Ordinarily, a degree will recite that they recipient has met the requirements of this university, and so on and so on.

Mr. **Geruntino**. Yes, sir.

Mr. **Pepper**. You do suggest in your statement the distinction between you might say what they call universities without walls, colleges without walls, and the false kind of university of which you were the perpetrator.

Now, it has been an approved practice in this country for a long time to have people take correspondence courses from creditable institutions where they actually send out material for the individual to study, and they have to take examinations on it, make reports, and that sort of thing. That is entirely different.

Now, there is a university in my area that has been subjected to criticism by some—it's in Broward County above my County of Dade—called Nova University. They have colleges, they call themselves, or branches, all over—maybe in different parts of the world. But so far as I am aware, I know it is supposed to be a bona fide, reputable institution, and they are giving an opportunity to people who can't come physically to the grounds, or the campus. I would certainly hope that it is a bona fide operation which requires those who allege to be students to perform work, and to pursue studies, and to pass those studies with satisfactory grades before they get any recognition by the university. So that's what you mean. You are not talking about these diploma mills but a bona fide institution that would carry on something in the nature of correspondence courses, where you can get an education without having to be physically upon a campus by that method.

Mr. **GERUNTINO**. Yes, sir.

Mr. **PEPPER**. So we are not talking about that kind of thing. We are talking about these diploma mills like you conducted and apparently like Union University conducted where there was no requirement whatsoever except the payment of money.

We thank you very much, Mr. Geruntino.

Mr. Bonker?

Mr. **BONKER**. I'm sorry for my necessary absence from the hearing during Mr. Geruntino's statement, Mr. Chairman, as you know this week is fraught with conflicts and meetings, and so forth, but I have read the statement of the witness, and I just have two questions.

First, you state that for 5 years you were engaged in the business of expediting college degrees, facilitating such degrees for prospective applicants like Chairman Pepper. You placed ads in various magazines and publications. So in effect, you were fronting for various alleged institutions that would provide the diploma. As I understand it, you did not provide the diploma, but you helped to facilitate the presentation of the diploma. Is that correct?

Mr. **GERUNTINO**. In some cases, with my own school, we did indeed present the credential.

Mr. **BONKER**. So you also presented the credentials, the certificates, if you will?

Mr. **GERUNTINO**. Only with the schools in which I had direct interest in, like Southwestern University.

Mr. **BONKER**. OK.

Let's take this case involving Union University. Chairman Pepper paid how much? How much did you pay for your diploma?

Mr. **PEPPER**. $1,800.

Mr. **BONKER**. The chairman paid $1,800, and I suspect you received a broker fee. Maybe that was covered in your statement, but how much did you get from Chairman Pepper's $1,800?

Mr. **GERUNTINO**. In Mr. Pepper's situation, I don't believe he went through my program. He may have inquired, but I was told that the degree was eventually earned by going directly to Union University and thereby bypassing me.

Mr. **BONKER**. But he responded, first of all, to an ad placed by you.

Mr. **GERUNTINO**. Yes, yes. But I was out of business by the time——

Mr. **BONKER**. Yes, I understand; then how much would you have gotten had this process been fully completed?

Mr. **GERUNTINO**. Somewhere in the neighborhood of $800 or $900, primarily because of having to find a candidate, having to do some initial screening, and things of this kind.

Mr. **Bonker**. So your fee was about 50 percent?

Mr. **Geruntino**. Fifty percent or more, depending on how much work is done and how much——

Mr. **Bonker**. How do you determine those amounts? For instance, if Union College is a client of yours for prospective applicants, how do you negotiate the fee that you are going to receive?

Mr. **Geruntino**. It would be negotiated by indicating that the school basically does not have to do any work to solicit a student, and that the student pretty much is committed to their program, and that it is going to be pretty much of here's the student, here's the credentials, and the school itself would have to make the final decision on the award of the certificate.

Mr. **Bonker**. Because you are really not protected by the law, I suspect if you were to keep a larger fee than what was negotiated, or expected, Union College, or whatever organization, could not take you to court. It must be an interesting business out there when you are operating illegally.

Mr. Geruntino, I am interested in your background. What kind of education and employment background you had developed prior to entering this Vocational Guidance firm?

Mr. **Geruntino**. I have a bachelor of science degree from Franklin University in Columbus, OH.

Mr. **Bonker**. Is that an authentic university?

Mr. **Geruntino**. Yes, sir, fully accredited. I have an associate of science in electronic engineering and technology from Ohio Technical College, which is a legitimate college. My work background——

Mr. **Bonker**. So you have substantial educational background.

Mr. **Geruntino**. Yes, sir.

Mr. **Bonker**. By way of liberal arts and even in engineering?

Mr. **Geruntino**. Business administration with a minor in engineering.

Mr. **Bonker**. Why on earth would a person with such a good background want to get into a questionable operation like this?

Mr. **Geruntino**. I ask myself that question often nowadays.

Mr. **Bonker**. Did you ever hold any security clearances?

Mr. **Geruntino**. Yes, sir, I held two secret security clearances—one when I was with the U.S. Air Force, and one when I was with Rockwell International as a senior missile engineer.

Mr. **Bonker**. Senior missile engineer.

Mr. **Geruntino**. Yes, which was a legitimate position.

Mr. **Bonker**. And a legitimate security clearance, I assume.

You certainly have helped to enlighten this committee. I am personally sorry to see a person with such a good background, who was obviously contributing to this Nation's economic and security well-being fall victim to something like this, but hopefully others can learn by your experience.

Mr. **Pepper**. Than you very much.

May I just ask you one other thing, Mr. Geruntino?

In none of the instances in which you issued diplomas or degrees did you actually require the performance of any studies, any school work, by the recipients of those degrees?

Mr. **Geruntino**. Yes, sir. In many instances, a thesis or——

Mr. **Pepper**. Did you say yes or no?

Mr. **Geruntino.** I said yes, there were requirements in many cases.

Mr. **Pepper.** Were they bona fide requirements?

Mr. **Geruntino.** They were probably marginal requirements.

Mr. **Pepper.** I see.

As a matter of fact, the tragedy of this is there are a lot of wonderful small colleges and universities in America that have high standards of excellence of for curriculum and the like, and the requirements of their graduates and the like. I don't know that every institution in America is as famous as a few are, either State institutions or private institutions. But if I walk in a man's office and I see Union University—I have no right to dispute that diploma because I happened to go to a well-known school, or law school, or to discredit this fellow who went to Union. And yet, it's a bogus—it is not a university at all in the real sense.

So the whole scholastic area is being cheapened and jeopardized, as it were, by that kind of fraudulent representation.

Well, you have helped us greatly and we thank you for coming.

Mr. **Geruntino.** Thank you, sir.

Mr. **Pepper.** We will excuse you, Mr. Geruntino, thank you again.

We have to go over and vote and then we will come right back and take panel No. 3.

[Recess.]

Mr. **Rodgers.** The hearing will come to order.

I am Michael Rodgers, the staff director for the Subcommittee on Housing and Consumer Interests. First off, I would like to apologize for the noticeable absence of our committee members, but in the interest of time we would like to continue with the hearing. Let me explain to our witnesses what has just happened. The members went over to vote on a rule to begin consideration of the tax bill. It was voted down. That has caused the Rules Committee to convene an emergency meeting. As some of you know, Chairman Pepper is the chairman of the Rules Committee so he is detained there. At the same time, the House leadership decided to bring up the China nuclear agreement. Mr. Bonker, the other cochair of this hearing today, is the manager of that bill. Thus, he finds himself necessarily in the House Chamber at the present time.

We expect Mr. Wyden to, hopefully, rejoin the hearing soon. However, in the interest of time, we would like to call together Panel 3: the State response. Mr. Fisch, will you proceed, please.

PANEL THREE, CONSISTING OF JOSEPH FISCH, EXECUTIVE DIRECTOR, OFFICE OF PROFESSIONAL DISCIPLINE, NEW YORK STATE EDUCATION DEPARTMENT, ACCOMPANIED BY SUSAN L. ROBERTS, DIRECTOR, PROFESSIONAL LICENSING SERVICES, NEW YORK STATE EDUCATION DEPARTMENT; BRYANT L. GALUSHA, M.D., EXECUTIVE VICE PRESIDENT, FEDERATION OF STATE MEDICAL BOARDS OF THE UNITED STATES; AND BRUCE T. SHUTT, PRESIDENT, AMERICAN ASSOCIATION OF COLLEGIATE REGISTRARS AND ADMISSIONS OFFICERS

STATEMENT OF JOSEPH FISCH

Mr. Fisch. Good morning. My name is Joseph Fisch. I am executive director of the Office of Professional Discipline of the State of New York. I am joined today by Dr. Susan Roberts, director of Professional Licensing Services in the New York State Education Department.

At the outset, on behalf of New York State Commissioner of Education, Gordon Ambach, and the Board of Regents of New York, I wish to commend this committee for its outstanding work. I also wish to express appreciation for the opportunity to participate and share with you our New York experience.

Before turning to my statement, I believe this committee would be interested to learn of an arrest my office affected only 1 week ago today of a phony doctor. It illustrates exactly the problem that this committee is focusing on.

Several months ago, the administrator of a nationally recognized cancer care hospital located in New York City contacted my office and advised us that a cancer patient had been persuaded to leave that institution upon the representation of an individual claiming to be a doctor who also claimed that his treatment could cure, among other things, cancer. That patient was persuaded to forego chemotherapy or surgery.

We launched an investigation, dispatched an undercover operative who visited the doctor, who in fact was a cab driver, and we confirmed that he was engaged in illegal practice of medicine. His treatment, regardless of the ailment, was the same. The patient was directed to wrap garlic around his leg, await blistering, and then return to this phony physician. The doctor would lance the blister and treat it with a chick pea.

As our investigation was being developed, we learned from that same institution that they had ejected this doctor on another occasion after being observed trying to convince the parents of a 12-year-old cancer patient that he could cure her problem.

One week ago today our second undercover effort was made. This time my investigator complained of heart ailment. The treatment was the same. His leg was shaved, garlic was bandaged to it, and after accepting $20 payment for the treatment, the man was arrested.

I will, during the course of my statement cite other examples of illegal practice within other professions.

In New York State, the education department and board of regents have statutory responsibility for the licensure and disciplining of 31 different professions ranging from acupuncture to veterinary medicine. There are, by the way, over 500,000 licensed and currently registered practitioners within these professions.

My office, the office of professional discipline, is a unit of the New York State Education Department and has the responsibility to investigate and prosecute acts of misconduct allegedly committed by members of these licensed professions. The professional misconduct covers a wide range of acts that are statutorily defined and include such things as incompetence, negligence, practicing beyond the scope of one's practice, practicing while impaired by alcohol or drugs, and so on.

In addition to the responsibility of disciplinary actions against licensed practitioners, under the education law my office has the responsibility to investigate allegations of illegal professional practice by unlicensed individuals—that includes illegal medical practice. Because we lack prosecutorial authority, the results of our investigations are then referred to the attorney general of New York State for criminal prosecution. Anyone who practices unlawfully is guilty of an E felony, which in New York State carries a maximum penalty of 4 years in prison.

In 1983, the New York State Education Department cooperated with the U.S. Postal Inspection Services in undercover operations in New York, Virginia, and Santo Domingo, to purchase a bogus medical degree from one Pedro de Mesones. I would like at this point to commend the U.S. Postal authorities for their outstanding work and their invaluable assistance to us in New York.

De Mesones, operating as Educational Placement Services, had advertised in the New York Times and Los Angeles Times, offering to assist medical students to obtain their medical degrees at foreign medical schools. As a result of the investigation, a degree was purchased by a Federal agent from CETEC medical school in Santo Domingo. The agent paid in excess of $20,000 for the degree, and her only trip to Santo Domingo was to attend commencement exercises in June 1983.

De Mesones was arrested on mail fraud charges and, pursuant to search warrant, his client records were seized. An analysis of those records revealed that he had secured or attempted to secure medical degrees for 165 individuals. Those individuals had paid sums of money ranging from $3,000 to $30,000.

As Senator Pepper pointed out, de Mesones received in the neighborhood of $1½ million from these 165 clients. Deducting "operating expenses," which included payments to school officials and others who provided the fraudulent credentials, it is estimated that he netted in excess of $600,000 for his efforts. He was convicted and sentenced in 1984 to 3 years in Federal prison.

Uncovering the scheme in 1983 was significant in New York because it was determined that de Mesones' illegal operations with Caribbean medical schools, namely, CETEC and CIFAS Universities, began in 1981.

In New York State, a medical graduate must complete a minimum of 3 years of residency training before being eligible for licensure. That meant that graduates from these schools had begun to apply for licensure although none had actually been licensed in New York. The department's division of professional licensing services, which Dr. Roberts heads, has a rigorous process for verifying applicant credentials and a number of applications had been referred for investigation because of suspected irregularities, even before the de Mesones operation was known to us.

We initially focused on 50 of the clients who were involved in the health care field in New York. We also contacted over 500 hospitals in New York State to alert them to this fraudulent scheme, and to advise them to report to us information relating to such possible fraudulent activities.

The hospitals and other agencies responded and reported such information of suspects who were involved in residency programs in New York State. We analyzed the material, and from February 1984 to present, we have opened 724 cases involving forgery and other suspected fraudulent credentialing of Dominican Republic medical graduates. Three hundred and twenty-one of those cases have been completed. Sixty-three matters have been referred to the New York State Attorney General's Office for criminal prosecution and 60 have been referred for State or Federal prosecution outside New York.

Among the other States involved are California, Florida, Texas, Illinois, Iowa, Georgia, Pennsylvania, Massachusetts, and others. Of the 63 cases forwarded to the New York State Attorney General's Office, 31 have already resulted in guilty dispositions either by trial or by plea.

By mid-1984, the New York State education development had secured suspect student files from the Dominican Republic and had developed intelligence on a number of individuals who were engaged in illegal practice of medicine outside New York.

In response to many inquiries from many other States and Federal authorities, the department convened and hosted a conference in August 1984 in New York City. At that meeting, staff briefed the major States and Federal agencies on the issue of fraudulent medical credentials and shared with them evidence useful to their investigation.

Early in the investigation, we established a working relationship with the Dominican Republic Presidential Commission which had been established to address this problem. We exchanged information and subsequently, CETEC and CIFAS medical schools were closed. Fourteen school officers and administrators were arrested and charged with participating in a scheme to issue bogus medical degrees. Included in those arrests were the president and dean of medicine of CETEC University.

During this period, the Education Department of New York State worked closely with the New York State Health Department which is responsible for regulation of hospitals in the State and investigation of physician misconduct. We have also been in collaboration and cooperation with a number of other Federal organizations.

We have spent, because of the problem which went outside New York, we have spent considerable time with those other State representatives and a great deal of time within New York State to meet with hospital administrators and instruct them and advise them on proper methods of conducting credential review of foreign medical graduates.

As I noted earlier, but as I wish to emphasize, fraudulent medical degrees are not an issue with physicians who had been licensed in New York. In our State, the problem arose with regard to those who had secured residency positions which are exempt from licensure.

The exposure of Pedro de Mesones and the fraudulent degree issue highlighted the credentialing problem at the hospital level. It is important to understand that such credential review by the hospitals and their administrators may precede any review process by the State education department. The one glaring lesson learned is that no one should take documents pertaining to medical education at their face value. Each document must be verified at its source. The State Education Department of New York licensure process has required this verification for many years. I am confident in stating that our education department review process is one of the most thorough in the world.

In the last 2 years, our investigations have broadened, because Mr. de Mesones was not the only broker of fraudulent medical degrees. We have identified others, arrests have been made, prosecutions are pending in other jurisdictions in New York and elsewhere.

In one of our cases at a prominent New York City hospital, we arrested a brother and sister who had purchased fraudulent medical degrees. In addition to these two siblings, another brother was identified who had been involved in an institution in California. These three degrees had been purchased from a businessman in Santo Domingo at a special "family rate" of $40,000 for all three.

We brought that information to the attention of the National Police in Santo Domingo. They are currently developing that case.

At the present time, my office is conducting a joint investigation on another matter with the U.S. Postal authorities on what may be the largest fraudulent broker case ever uncovered in this country. That broker is based in New York City and has well over 1,000 clients. Much work has already been done, search warrants have been executed, some arrests have been made, and we anticipate additional criminal prosecution.

When the case is fully developed, I anticipate indictments to be returned against a number of licensed New York physicians who assisted in a scheme to have issued fraudulent medical degrees. Such criminal action, I might add, will be in addition to those criminal prosecutions of the brokers and their clients.

It is important to note that immediately upon our discovery that a foreign medical graduate had fraudulently obtained his medical degree or, indeed, that any requirement for his degree had been fraudulently obtained or certified, we notified the hospital where such doctor was practicing in New York State, and appropriate authorities in other States. This preceded any action or any referral for criminal prosecution because we regarded it as imperative that these doctors be removed from the responsibility of patient care.

In all such cases in New York State, hospitals responded promptly and positively. Upon receiving such notice, they terminated or suspended the individual.

This issue has also produced positive results in that nationwide reporting organizations have upgraded and updated and reformed their credential review process.

As I indicated earlier, and I know that staff had asked me to talk about cases besides medical cases, we deal in the illegal practice of other professions in New York State. We have had individuals engaged in such illegal practice who have at times conducted their activities without the purported authority of any type of degree. They have merely held themselves out to be a doctor, or architect, or nurse, and, at times, have identified themselves on business cards, prescription blanks, office signs, and, indeed, even advertising.

I described the case of the phony doctor, the cab driver. A few weeks ago, we arrested a bogus dentist after we had conducted several undercover visits to her. This fraudulent practitioner performed dental services and even extracted a tooth from one of my investigators. I might add, that his value as an undercover operative in dental cases is slowly diminishing. [Laughter.]

A short time ago, my office developed a case against an unauthorized acupuncturist. In his illegal practice, this man inserted one of his needles into the chest of a patient who was a professional songstress. His treatment caused the collapse of her lung. He was arrested and convicted. We have many other cases. We have developed criminal cases against people who have claimed and have practiced as nurses. We have in the architectural profession completed a case in which an individual pretending to be an architect prepared architectural renderings and used a bogus stamp to seal those drawings for permit purposes. He supervised the construction of a hotel in New York City. The Attorney General's office has recently secured a warrant for his arrest and he is being sought.

I can go on but I know time is short. I trust this information is helpful to you. Again, on behalf of Commissioner Ambach and the New York State Board of Regents, I appreciate this opportunity to participate.

Let me, just in response to some comments that were developed earlier, point out that in New York State there is a toll free number which anyone can call for verification of a license. That toll free number is 800-352-3729, and information will be supplied, because of our computer technology, very, very quickly.

I thank you again.

Mr. **Wyden** [presiding]. Mr. Fisch, thank you very much for that excellent presentation.

Certainly every consumer in this country has got to be frightened by the statement that you made, that it cannot be accepted at face value that a medical degree is what it purports to be.

Just before we move on to Dr. Galusha, I want to ask one question because of something that occurred at the December 1984 hearing, and I think it is important to clear up for the record.

When a physician is disciplined in the State of New York, is it possible for a consumer to find out whether or not that physician has been disciplined?

Mr. **Fisch**. Absolutely. As a matter of fact, what we do, Mr. Chairman, we publish the results of all actions by the board of regents. We distribute it not only within New York State, but we notify a central clearing institution so that we can exchange that information for consumers and for other licensing boards. It is important that a licensing board in Utah know that a man licensed there has been disciplined in New York State. That information is available, it is disseminated, and that has long been the policy and practice of the New York State Education Department.

Mr. **Wyden**. I am going to let us proceed and not ask any more questions. But I know the consumer advocates, like Gray Panther groups and senior citizens groups, believe it is very hard for consumers in this country to find out whether a physician or a professional has been disciplined.

Dr. Galusha, you and I discussed this at some length at the December 1984 hearing, and I want to move right along to your testimony. We welcome you once again to the subcommittee.

Let me say again, in the interest of time, we will make a copy of your prepared remarks a part of the record in their entirety. And if you could summarize just in the interest of time, that would be of great benefit to Senator Pepper's committee. Thank you very much, Doctor.

STATEMENT OF BRYANT L. GALUSHA, M.D.

Dr. **Galusha**. This will be quite brief, Mr. Chairman.

As you mentioned, I had the privilege of presenting testimony before the Health and Long-Term Care Subcommittee on December 7 of last year, and today I shall present a brief progress report on my previous testimony.

Last year, I told the committee that the Federation of State Medical Boards was acutely aware of, and concerned about, the use of fraudulent credentials by individuals practicing medicine in various capacities. I mentioned that in response to this concern, a special task force was established to study the problem of fraudulent credentials and charged with making appropriate recommendations for dealing with the problem.

Attached for your review is the report of the Special Task Force on Fraudulent Medical Credentials which was distributed widely early this year.

Judged by recent changes and additions to the rules and regulations of boards and individual State medical practice acts, the task force work has had a very positive impact. Several States have adopted legislation that enables their respective medical licensing boards to deal firmly with those who use or attempt to use fraudulent credentials.

A number of States have changed their licensure application forms in response to the task force screening recommendations. Medical licensing boards are taking appropriate steps to detect and discourage the use of false credentials.

Additionally, this year, the Federation's Board of Directors formally met with representatives of the U.S. Postal Service, the Department of Justice, the FBI, and the inspector general's office of the Department of HHS to further strengthen our working relationship with these Federal agencies in dealing with the problem of false credentials.

Also last year, I reported that the federation was hard at work on a Guide to the Essentials of a Modern Medical Practice Act for use by all States in updating and strengthening their laws governing the practice of medicine. I assured the committee that this guide would speak to the identification of fraudulent credentials. As promised, in early 1985, the federation issued a complete and detailed revision of its Guide To The Essentials of a Modern Medical Practice Act outlining specific recommendations relating to fraudulent credentials and every aspect of Board responsibility. A copy of the guide is attached for your review.

This guide has already been used to improve the Medical Practice Acts, of several States and the federation intends to continue working for the consideration of its recommendations by every State.

Last year, I mentioned the problems which confront most licensing boards created by the development of many new foreign medical schools. Licensing boards continue to find it difficult, if not impossible, to obtain reliable information about the facilities, faculty, and educational programs of many of these foreign schools which provide medical education for the majority of the U.S. citizens presently studying medicine outside of the United States. This situation has not—has not—significantly improved.

One of the four prerequisites required by State licensing boards for the granting of a license for the practice of medicine is that the applicant have successfully completed the curriculum of a medical school approved by a licensing board. This prerequisite should not be abandoned and is in part why the Federation's Board of Directors is encouraged by Congressman Pepper's proposed legislation, H.R. 3485, legislation which would authorize the Secretary of HHS, preferably by using the services of a private accrediting organization, to accredit foreign medical schools.

The information gathered by this process could be made available to medical licensing boards for use in making responsible licensure decisions. The federation is supportive of Congressman Pepper's efforts to alleviate a most perplexing problem.

Congressman Pepper's proposed legislation could also go far in solving another ominous problem which is of growing concern to medical licensing boards—the ever increasing pool of unlicensed and unlicensable physicians in the United States. The growth in numbers of unlicensed physicians is being fueled by multiple forces, including, among others, the large number (12,000–18,000) of U.S. citizens attending foreign medical schools with every intention of practicing medicine in the United States; the continued attraction of the United States for foreign national medical students; and more comprehensive pre-licensure examinations for foreign medical graduates.

The question is: What are these unlicensed and unlicensable physicians doing? A study in 1974 revealed a sizeable number of unlicensed physicians were employed in the health care delivery systems of the United States, many of whom were functioning as physicians.

I have emphasized to a variety of audiences the concern of the medical licensing community regarding this growing number of unlicensed and unlicensable physicians and the possible grim consequences.

I believe this subject should be a priority consideration for the medical community as well as for the Congress of the United States.

Mr. Chairman, in closing, I want you to know that the activities of Congress regarding fraudulent credentials and related medical problems have greatly assisted the Federation of State Medical Boards and the medical licensing boards of our country in fulfilling our responsibilities to the public, and for this we sincerely thank you.

Thank you, Chairman Wyden.

[The prepared statement of Dr. Galusha follows:]

PREPARED STATEMENT OF BRYANT L. GALUSHA, M.D., EXECUTIVE VICE PRESIDENT, FEDERATION OF STATE MEDICAL BOARDS OF THE UNITED STATES

I am Dr. Bryant Galusha, Executive Vice President of the Federation of State Medical Boards. The Federation is the national organization of medical licensing and disciplinary boards and is made up of the medical boards of all the states, the District of Columbia, Puerto Rico, Guam, and the Virgin Islands. The Federation occupies a unique position of responsibility and has earned national recognition for its accomplishments. At the direction of its member boards, and on behalf of the people they serve, the Federation has made and continues to make significant contributions to the effectiveness and integrity of the medical licensure and disciplinary systems, systems which are essential components of medical quality and physician accountability.

As you know, Mr. Chairman, I had the privilege of presenting testimony before this distinguished Subcommittee on December 7, 1984. Today, I shall present a brief progress report on my previous testimony, and therefore, have attached a copy of the December 7, 1984, testimony to serve as a ready reference [Attachment 1: Testimony Before Select Committee on Aging, Subcommittee on Health and Long-Term Care, Congressman Claude Pepper, Chairman, December 7, 1984.]

Last year, I told you the Federation was acutely aware of and concerned about the use of fraudulent credentials by individuals practicing medicine in various capacities. I mentioned that in response to this concern a special Task Force was established to study the problem of fraudulent credentials and was charged with developing a proposal for identifying such credentials, protecting against their successful use, exposing their use, and cooperating with state and federal law enforcement agencies in taking appropriate legal action against imposters. Attached for your review is the initial report of the Task Force on Fraudulent Medical Credentials [Attachment 2] which was distributed early this year to all medical licensing and disciplinary boards and was reviewed in detail by the Chairman of the Task Force at the Annual Meeting of the Federation in April 1985. I can assure you, judged by recent changes and additions to the rules and regulations of boards and individual state medical practice acts, the Task Force's work has had a very positive impact. Several states have adopted legislation enabling their respective licensing boards to deal firmly with those who use or attempt to use fraudulent credentials for the procurement of a medical license. A number of states have already changed their licensure application forms in response to the Task Force's screening recommendations. I can also assure you all medical licensing jurisdictions are acutely aware of the potentially serious consequences resulting from licensing an individual on the basis of fraudulent credentials and are taking appropriate steps to minimize this possibility. Additionally, this year the Federation's Board of Directors formally met with representatives of the U.S. Postal Service, the U.S. Department of Justice, the Federal Bureau of Investigation, and the Inspector General's Office of the Department of Health and Human Services to further strengthen our working relationship with those federal agencies in dealing with the problem of false credentials. We, the Federation and individual state licensing boards, are making and will continue to make a concentrated effort to eliminate or at least minimize this repulsive problem.

Also, you may recall I mentioned last year that the Federation's Legislative and Legal Advisory Committee was hard at work in structuring a guide to a modern medical practice act for use by all medical boards and state legislatures in updating and strengthening their laws governing the practice of medicine. I assured you, among other things, that this guide would speak to the identification of fraudulent credentials. As promised, in early 1985 the Federation issued a complete and detailed revision of its "Guide to the Essentials of a Modern Medical Practice Act" outlining specific recommendations relating to every aspect of board responsibility. A copy of the Federation's "Guide to the Essentials of a Modern Medical Practice Act" is attached for incorporation into today's proceedings. [Attachment 3, for Committee members]. This Guide has already been used extensively to improve the medical practice acts of several states and the Federation intends to continue working for the consideration of its recommendations by every state. Your review of this publication will reveal it clearly addresses the issues of fraudulent credentials.

Last year, I spoke to you about a novel set of problems which confronts most state licensing boards due to the development of many new foreign medical schools. Licensing boards continue to find it difficult, if not impossible, to obtain reliable information about the facilities, faculties, and educational programs of many of these foreign schools, a situation made more distressing by the fact that these schools provide medical education for the majority of U.S. citizens presently studying medicine outside of the United States and Canada. The licensure applicants from many foreign schools create unusual concern since their diplomas do not guarantee that they have completed a satisfactory medical curriculum, nor can their reference letters from faculty members be interpreted as reliable testimony to their personal attributes. This situation has not significantly improved since my testimony before you last December. One of the four general prerequisites established by state licensing boards for the granting of a license for the independent practice of medicine is that the applicant have successfully completed the curriculum of a medical school approved and/or accepted by the licensing board. This prerequisite should not be abandoned and is, in part, why the Federation's Board of Directors is encouraged by Congressman Pepper's proposed legislation, HR 3485. This legislation would authorize the Secretary of Health and Human Services, preferably by using the services of a private accrediting organization, to accredit/approve foreign medical schools and make the information gathered through this judgmental process available to medical licensing boards for use in making responsible licensure decisions. While no solution to the concerns regarding foreign medical graduates will be perfect, nonetheless, the Federation is supportive of Congressman Pepper's efforts to alleviate a most perplexing problem for medical licensing boards.

Congressman Pepper's proposed legislation would also go far in solving another ominous problem that is of growing concern to medical licensing boards and, in my opinion, requires immediate attention. I am speaking of the problem of the ever increasing pool of unlicensed and unlicensable physicians in the United States. The growth in numbers of unlicensed physicians is being fueled by multiple forces. To name a few: the large number (12,000 to 18,000) of U.S. citizens attending foreign medical schools with every intention of eventually practicing medicine in the United States; the continued attraction of the United States for foreign national medical graduates; a finite number of approved intern and residency training positions; and the more comprehensive and rigorous prelicensure examination for all foreign medical graduates, the new certification examination of the Educational Commission for Foreign Medical Graduates. Only 15.6% passed the most recent three offerings of this certification examination, an examination that must be passed in order for a foreign medical graduate to proceed along the pathway to licensure.

Thus, the pool of unlicensed and unlicensable physicians continues to grow. The question is, "What are these unlicensed and unlicensable physicians doing"? A study done in 1973 and 1974 (twelve years ago) revealed that this was a problem then in that a sizable number of the uncertified and unlicensed M.D.s were employed in the health care delivery systems of the United States, many even functioning as physicians! In several addresses that I have personally given to a variety of medical audiences during the past year, I have expressed my concern and the concern of the medical licensing community regarding the ever growing number of unlicensed and unlicensable physicians and the possible consequences of this growth. Attached for your review is the portion of a recent presentation regarding the subject of "The Unlicensed Physician: A Potential Problem for Hospitals and the Public" [Attachment 4]. I firmly believe this subject should be a priority consideration for the medical community and for the Congress of the United States.

Mr. Chairman, in closing I want you and your Committee to know that your activities regarding fraudulent medical credentials and related medical problems have greatly assisted the Federation of State Medical Boards and the medical licensing boards of our country in fulfilling our responsibilities to the public. For this we sincerely thank you.

[Attachment 1]

TESTIMONY OF BRYANT L. GALUSHA, M.D.

I am Dr. Bryant Galusha, Executive Vice President and Chief Operating Officer of the Federation of State Medical Boards of the United States. The Federation is the national organization of medical licensing and disciplinary boards and is made up of the medical boards of all the states, the District of Columbia, Puerto Rico, Guam and the Virgin Islands. The federation occupies a unique position of responsibility and has earned national recognition for its accomplishments. At the direction of its member boards and on behalf of the people they serve, the Federation has made and continues to make significant contributions to the effectiveness and integrity of the medical licensure and disciplinary systems, systems which are essential components of medical quality and physician accountability. Of the Federation's many contributions directed toward the public welfare, three merit emphasis today. First, I would like to mention the Federation's computerized Disciplinary Data Bank housed in our National Office in Fort Worth, Texas. This sophisticated computerized data bank collects and stores all disciplinary actions taken against physicians resulting from formal charges by medical boards. This information is reviewed, categorized, and distributed monthly to all U.S. and territorial medical boards; the Canadian provincial licensing authorities; and to many federal governmental agencies, including the Department of Health and Human Services for its use in identifying unacceptable physicians participating in the Medicare and Medicaid programs. The sole purpose of maintaining and constantly improving this physician Disciplinary Data Bank is to provide medical and disciplinary boards and appropriate governmental agencies information on specific practitioners of medicine that is vital for the protection of the public welfare.

Second, and of particular importance now, is the federation's involvement in improving the medical licensure process. There are four general prerequisites required by state licensing boards for the granting of a license for the independent practice of medicine. The candidate for licensure must: (1) possess acceptable personal attributes; (2) have successfully completed the curriculum of a medical school approved by the licensing board; (3) have obtained a passing grade on a medical licensing examination; (4) successfully complete a specific period of training in an approved clinical training program after graduation from medical school.

Speaking to the licensure examination prerequisite, I proudly report to you that the Federation has contributed most significantly by developing, along with the National Board of Medical Examiners, the Federation Licensing examination, known as the FLEX, which is now used by all states and U.S. territories as their own state examination for medical licensure.

As important as passing a medical licensing examination is a medical licensing board's assurance that the applicant for licensure possesses acceptable personal attributes and has successfully completed the curriculum of an acceptable medical school. In dealing with graduates of American and Canadian medical schools, this presents no major difficulty. these schools are subjected to a comprehensive and reliable approval process by the Liaison Committee for Medical education, which is an elite voluntary organization composed of educators and laypersons with impeccable credentials. Additionally, the graduates of American/Canadian schools are continually evaluated throughout medical school by faculty members of high quality and integrity who can attest to the character of their students. However, the recent development of many new foreign medical schools has created a novel set of problems for state licensing boards. They often find it difficult, if not impossible, to obtain reliable information about the facilities, faculty, and educational programs of many of these schools. Thus, in contrast to the high comfort level enjoyed by medical licensing boards in relation to applicants from U.S. and Canadian schools, the applicants from many foreign schools create concern since their diplomas do not guarantee that they have completed a satisfactory medical curriculum, nor can their reference letters from faculty members be interpreted as reliable testimony to their personal attributes. This situation has been compounded further by the present despicable problem of fradulent medical credentials.

During the past year, the Federation of State Medical Boards has become increasingly aware of and concerned about the use of fraudulent credentials by individuals practicing medicine in various capacities. In response to this concern, a resolution was passed at the 1984 Annual Meeting of the Federation of State Medical Boards establishing a special task force to study the problem of fraudulent credentials. The task force [under the chairmanship of Dr. Kenneth Yohn, from the Alabama Medical board, and Mr. Thomas J. Monahan, Executive Secretary, New York board for Medicine] was charged with developing a proposal for identifying such credentials, protecting against their successful use, exposing their use, and cooperating with state and federal law enforcement agencies in taking appropriate legal action against imposters.

The task force identified two major problem areas related to the use of fraudulent credentials. The first of these lies within the purview of licensing agencies and involves individuals who present fraudulent credentials when applying for licensure. The second involves individuals who are practicing medicine in medical training programs as interns and residents, expecially in states which do not require licensure or even limited permits to participate in training programs.

In attempting to deal with the problems which have been identified, the Federation's Task Force on Fraudulent Credentials felt that several courses of action should be recommended to state licensing boards. These include refinement of licensure procedures and forms, expansion of the boards' authority as defined in their respective medical practice acts, and the initiation of an informational campaign designed to alert all concerned individuals and institutions of the problems related to the use of fraudulent credentials. The task force will present to the Federation's Board of Directors, among others, the following recommendations: (1) Each state board or agency responsible for licensing physicians should establish procedures and application forms which will maximize the opportunity to detect fraudulent medical credentials. (2) The medical practice act in each state should be expanded to give the boards the authority necessary to deal with the issues related to fraudulent credentials for all physicians, including recent graduates in resident physician training programs practicing medicine under supervision as well as physicians who meet all the prerequisites for licensure and are applying for a license for the independent practice of medicine. I must add that the Federation's Legislative and Legal Advisory Committee [under the chairmanship of Dr. David Citron of the North Carolina Board of Medical Examiners] has worked long and hard in structuring a "Guide to a Modern Medical Practice Act" which speaks to the identification of fraudulent credentials. This guide will soon be available to all medical licensing boards. (A copy of the Guide for a Modern State Medical Practice Act is attached for your information.) (3) Every state medical board should distribute information concerning the use of fraudulent credentials to the medical schools in their licensing jurisdictions as well as all hospitals involved in medical education and training. (4) All hospitals and other health care facilities should be required to develop well defined and objective criteria for the evaluation of educational and professional training credentials. (A copy of the Task Force's preliminary report is attached to this testimony for your review.)

The problem of fraudulent credentials is indeed distressing. It is unthinkable that the faculty of a medical school, regardless of its location in the world community, would participate in the generation of fraudulent medical credentials; however, the unthinkable has happened. It is embarrassing and demeaning to the medical community of the world and now threatens the physical, mental and financial well-being of the American people. Sizeable amounts of time and money are now being spent because of this threat. Furthermore, graduates of many high quality foreign medical schools are being rigidly scrutinized and, often times, unavoidably delayed in the licensure process as a result of unscrupulous imposters. The existence of fraudulent credentials is frightening and frustrating to all who participate in the medical licensing process, for they are acutely aware of the potentially serious consequences resulting from licensing an individual on the basis of fraudulent credentials. In moving recently from North Carolina to Texas, I have heard some new expressions. In North Carolina you could expect to hear these imposters possessing fraudulent credentials referred to as "deplorable deceptionists." After being in Texas only six months, I would not be surprised to hear these individuls referred to as "despicable egg-suckin' varmints for whom there should be an open season with an unlimited bag limit since they are a societal menace and, in fact, a risk to other varmints." I know of few crimes that could be more devastating than that of obtaining an M.D. or D.O. degree fraudulently and exposing the public to the risk entailed in licensing such an individual.

We (the Federation) believe there should be specific statutes in every state making the effort to obtain licensure by or through fraudulent credentials in any health related field a felony offense. We are also identifying other statutes, such as those against false swearing in criminal codes, which might be used for felony prosecutions in such situations.

While I do not believe that federal legislation is necessarily the answer for this problem, one thing is certain. There must be cooperation between state medical licensing boards and all federal agencies which can contribute to the solution of this problem through law enforcement and other means. By that I mean close cooperation with the FBI, the Post Office, the Naturalization/Immigration Service, the Inspector General's office of HHS, the Justice Department, and the remarkable resources available to each of these agencies. In fact, there is presently an ongoing cooperative effort between a number of medical licensing boards and the Federation with these governmental agencies.

After many discussions with medical licensing and disciplinary boards presently grappling with this problem throughout the country, I feel that medical licensing boards must act for themselves. However, in doing so they must have available the unique resources of our federal government, resources which I am confident will enable states to fulfill their public responsibilities.

[Attachment 2]

REPORT OF THE SPECIAL TASK FORCE ON FRAUDULENT MEDICAL CREDENTIALS OF THE FEDERATION OF STATE MEDICAL BOARDS OF THE UNITED STATES, INC.

During the past several months, the Federation of State Medical Boards as well as the general public have become increasingly aware and concerned about the use of fraudulent educational credentials by individuals practicing medicine in various capacities. The development of this concern has been in response to the findings of an investigation conducted by the U.S. Postal Service concerning a case involving the sale of fraudulent transcripts, diplomas, and other documents from two medical schools in the Dominican Republic. The initial investigation produced a list of approximately 165 people who were suspected of having obtained fraudulent educational credentials. Further investigations by officials in several states and federal agencies uncovered what appears to be a widespread network for promoting the sale and distribution of bogus medical degrees. In new York State alone, 527 cases were under active investigation in July, and on July 12, 1984, six individuals posing as physicians and employed in hospitals were arrested in New York City on criminal charges of possessing fraudulent medical degrees. Nationwide, the full extent of the problem in unknown. The number of individuals with fraudulent documents, however, may be between a few hundred and several thousand.

In response to the issues which were raised concerning fraudulent medical credentials, a resolution was passed at the April 1984 meeting of the Federation of State Medical Boards establishing a Special Task Force to study the problem of invalid, false, or fraudulent educational credentials. The Task Force was charged with the responsibility of developing a proposal for identifying such credentials, protecting against their successful use, exposing their use, and cooperating with state and federal law enforcement agencies in taking appropriate legal action against imposters.

The Task Force met on August 18, 1984, and discussed the major issues and problems with which it must deal. Two major problem areas were identified which relate to the use of fraudulent medical credentials from unaccredited (foreign) medical schools. The first of these lies within the purview of licensing agencies and involves individuals who present fraudulent credentials when applying for licensure. The Task Force felt that changes could be made in licensure application forms and procedures which would maximize the opportunity to identify and reject candidates submitting fraudulent or altered documents.

The second problem area identified by the Task Force involves individuals who are practicing medicine in a state but who have not applied for licensure. This problem is compounded by the fact that the requirements for practicing medicine in a variety of capacities without full licensure vary markedly from state to state. For example, in Texas all participants in approved residency training programs must obtain an institutional permit but in New York State similar participants in residency training programs are exempt from licensure and limited permit requirements. It appears that this second problem area presents the greatest potential for abuse by individuals presenting fraudulent credentials. This potential is the result of the fact that in many states a variety of agencies, both governmental and private, are responsible for monitoring those individuals practicing medicine outside of the limits of licensing statutes, e.g., medical schools, residency training programs, the Accreditation Council for Graduate Medical Education, the Joint Commission on Accreditation of Hospitals, state health (or mental health) departments, the Educational Commission for Foreign Medical Graduates.

To deal with the problems which have been identified, the Task Force feels that certain courses of action should be recommended to state boards. These include: refinement of licensure procedures and forms; expansion of board authority as defined in the medical practice act, rule or regulation; and an information campaign designed to alert all concerned individuals and institutions to the problems related to the use of fraudulent medical credentials. Action in each of these areas is necessary in order to protect the public health and welfare as well as to protect the integrity of the licensing process.

The specific recommendations which the Task Force has developed and present to Board of Directors appear below.

(1) Each state board or agency responsible for licensing physicians should establish procedures and application forms which will maximize the opportunity to detect fraudulent credentials.

(a) These requirements should include the presentation of original educational credentials and acceptable translations to document all education above the primary school level. (Appendix A provides an example of the types of materials which should be required.)

(b) Candidates should provide a complete record of their educational background. This record should include elementary through post-graduate study. (Appendix C)

(c) Candidates should provide a chronological listing of all training and employment activities since graduation from medical school. (Appendix B)

(d) If any questions arise about a candidate's educational background, the educational institution concerned should be contacted directly. The Educational Commission for Foreign Medical graduates may provide assistance in this area, and has offered to do so.

(a) An affidavit should be required of the applicant, certifying the accuracy of all information provided in his/her application.

(f) Application in person at the board office should be required.

(g) An up-to-date photograph and fingerprints should be required of all candidates.

(2) The Medical Practice Act in each state or the rules and regulations of each board of medical examiners should be expanded to give the boards the authority to deal with issues related to fraudulent medical credentials. The scope of this authority should include licensure applicants as well as all individuals practicing medicine within that particular board's jurisdiction, e.g. residents, house staff, limited permittees.

(3) State boards should check their own applicable statutes on fraud and should present each applicant with a statement that warns him or her of the penalties involved therefor.

(4) Every state medical licensing board should distribute information concerning the use of fraudulent medical credentials to medical school deans, chairmen of academic departments, directors of medical education, hospitals, and all other concerned individuals and institutions. This is especially important since in many cases individuals with fraudulent credentials may seek employment or hospital privileges without applying for medical licensure.

(5) All hospitals and other health care facilities should be required to develop well-defined and objective criteria for the evaluation of educational and professional training credentials. These should be developed in cooperation with those state agencies responsible for regulating hospitals as well as the Accreditation Council for Graduate Medical Education and the Joint Commission on Accreditation of Hospitals.

(6) The central office of the Federation of State Medical Boards of the United States should function as a clearinghouse and coordinating agency for all inquiries related to the use of fraudulent medical credentials. This function would include the responsibility of providing concerned state boards with information about the activities of other private, national, and state agencies.

APPENDIX A—STATEMENT OF EDUCATION AND CREDENTIALS

The following credentials must be submitted:

A. (1) Secondary school or high school study—Proof may be a transcript, diploma, maturity certificate, or leaving certificate.

(2) Pre-professional study—proof of premedical or intermediate science education, such as a transcript and diploma or other valid certificates. Transcripts from institutions in the U.S. must be sent directly from the schools concerned.

(3) Professional study—Official detailed transcripts, student book bearing the signature of a responsible authority, examination certificates, or index for *ALL* professional study. This information must specify exact inclusive dates of attendance and should be obtained directly from the institution/school.

(4) Original medical diploma as awarded. If the diploma is not in English, a translation must be included.

(5) Evidence of having passed the medical and English portions of the Educational Commission for Foreign Medical Graduates, the Visa Qualifying Examination, or the Foreign Medical Graduate Examination in Medical Sciences examination (if required).

(6) Documentary evidence of *ALL* hospital training in the United States and Canada. An official letter should be obtained directly from the director of the hospital indicating the inclusive dates and exact type of employment or training completed.

8. Translations of credentials. Any document that is not in the English language must be accompanied by an acceptable translation. To be acceptable, the translation must include all written and printed matter on the original document.

An Affidavit of Accuracy must accompany the translation. The translator must affirm that she/he has read the entire translation after it hs been completed, that the entire document has been translated and nothing has been omitted or added, and that the translation is true and correct.

The translation must be done by a properly qualified translator and submitted in the original. Examples of such translators are listed below, with limitations and requirements.

(1) An officer or employee of an official translation bureau or agency which is satisfactory to the board. Translator bureaus are usually listed in the classified telephone directories. (The Affidavit of Accuracy must be notarized.)

(2) A professor or instructor who is actually teaching the language to be translated in an accredited college or university in the United States. (The type of course being taught must be included in the Affidavit of Accuracy, the Affidavit must be on official school stationery, and it must be notarized.)

(3) A consul general or diplomatic representative duly accredited in the United States. (The consul general or diplomatic representative must actually verify the contents of the translation.)

(4) A representative of a foreign government agency such as a Ministry of Foreign Affairs. (The representative must actually verify the contents of the translation.)

APPENDIX B

CHRONOLOGICAL LISTING OF ALL TRAINING AND EMPLOYMENT ACTIVITIES SINCE GRADUATION FROM PROFESSIONAL SCHOOL

INSTRUCTIONS: List all activities chronologically since graduation from professional school to the presen Vacation periods, and periods of unemployment must be included.

FROM		TO		Type of Activity, Including Name and Address of Employer, Beginning with Date of Graduation from Professional School
Month	Year	Month	Year	

APPENDIX C

Special Instructions: In the spaces below, give an accurate record of your educational preparation.

SCHOOLS ATTENDED (Give name of schools in original language and translation)	LOCATION	NUMBER OF YEARS ATTENDED	ATTENDANCE				Diploma or degree obtained (Give title in original language and translation)
			Entrance		Leaving		
			Class	Date	Class Completed	Date	
Elementary or Primary School							(Proof of completion of elementary school need not be submitted.)
Secondary or High School							
Higher and Professional Study							
Postgraduate Study in the U.S.							

Special Professional Qualifications: (List any certificates or attainments with specific dates, for example: ECFMG, Diplomate, Specialty Board certificate. Submit all original certificates.)

ATTACHMENT 4

THE UNLICENSED PHYSICIAN: A POTENTIAL PROBLEM FOR HOSPITALS AND THE PUBLIC

(By Bryant L. Galusha, M.D., Executive Vice President, Federation of State Medical Boards)

(An excerpt from a presentation entitled "The Role of Medical Licensure Boards in Credentials Verification" given before American Hospital Association conferences in New York and Chicago on September 5 and November 8, 1985, and before the Army Medical Department Procurement Division's National Meeting on November 19, 1985.)

The ever increasing pool of unlicensed physicians in the United States troubles me and many others in the licensing community and it should also be of concern to you. The growth in numbers of unlicensed physicians is being fueled by multiple forces: the large number (12,000-18,000) of U.S. citizens attending foreign medical schools with every intention of eventually practicing medicine in the United States; the continued attraction of the United States for foreign national foreign medical graduates; a finite number of approved graduate medical education positions (while at the same time the 127 U.S. medical schools are projected to continue to produce approximately 16,800 graduates yearly for the forseeable future); more comprehensive and rigorous required prelicensure examinations for all foreign medical graduates (both U.S. and alien), specifically the ECFMG's certification examination, the FMGEMS. This new examination was adopted by the ECFMG in July of 1984. As previous ECFMG exams, it is administered twice a year, in July and January. Of the 21,026 foreign medical graduates who took the full FMGEMS (that is both days, which includes one day of basic medical science and one day of clinical science) in the first three offerings (July 1984, January 1985, July 1985) only 3,280 or 15.6% passed. Thus 84.4% who took the January and July 1985 and July 1984 complete FMGEMS are not eligible for ECFMG certification and, therefore, not eligible for the required graduate medical education necessary for licensure. Of special significance is the fact that 3,520 of the 21,026 taking the January and July 1985, and July, 1984 FMGEMS were U.S. citizen foreign medical graduates. Of this 3,520 only 162 or 4.6% passed the examination and were therefore eligible for approved residency training (a prerequisite for licensure). This 4.6% figure is a bit misleading in that the predominance of U.S. citizens taking the FMGEMS were repeaters; of U.S. citizen first time takers 23.8% passed both days of the July 1984 examination, 18.1% of the January 1985 test, and 16.8% of the most recent offering. This, coupled with the fact that only 40% of the U.S. foreign medical graduates who entered the 1985 National Resident Matching Program were successful in obtaining residency positions further enlarges the pool of unlicensed, or I should say, the pool of unlicensable M.D.'s! Furthermore, the success of alien FMG's in obtaining residency positions through the National Resident Matching Program is progressively declining. In 1985, nearly 7,000 applicants in the National Resident Matching Program were foreign nationals trained overseas. Only 22% were successful in being matched. This failure to match is further expanding the large pool of FMG M.D.'s within the country who are not eligible for licensure.

Presently, there is meager information regarding the numbers of unlicensed and unlicensable M.D.'s in the United States and no accurate methods are in place for ascertaining their present activities. However, in 1973 and 1974 the Harvard Center for Community Health and Medical Care, with the cooperation of the Educational Commission for Foreign Medical Graduates, addressed the issue of "uncertified" foreign medical graduates and their activities within our health care delivery system. This study, published in the New England Journal of Medicine, June, 1974, involved the distribution of a questionnaire to over 4,000 foreign medical graduates taking the January, 1973, ECFMG examination in test centers in the United States. Of the 3,935 respondents, 48% were working in the health field at the time of the examination. The questionnaire was followed by telephone interviews of a random sample of 850 respondents designed to obtain more detailed information about job duties. Seventy-three percent (73%) of the 513 who reported working in the health field were involved in *direct* patient care and 64% of these were employed in hospitals! Analysis of specific job duties revealed large numbers functioning independently and in unsupervised settings—clearly practicing medicine! For example, some of the described job duties included taking histories and doing physical examinations on new patients; taking "night call" in hospitals; covering the emergency room with duties such as suturing lacerations, minor surgery, general practice, "in charge of the ER"; prescribing medications; treating "minor ailments"; writing orders, etc.

Overall, the results of this study suggest that serious problems exist in the control of quality of care delivered in the American health care system. Again, this study has done in 1973-74. I would wager that a comparable study would even be more alarming if it were repeated today!

I believed the potential seriousness of the rapidly growing pool of unlicensed and unlicensable physicians is obvious. I included this subject in this discussion today with the hope that it may stimulate equally comprehensive and rigorous credentialing of paramedical personnel in your respective institutions. Employment of unlicensed and/or unlicensable M.D.'s should be done cautiously and with clear delineation of their duties and appropriate supervision. I could cite many instances where unlicensed M.D.'s have been employed both by hospitals and by physicians and physician groups for paramedical jobs and, either by design or happenstance, the employed individual clearly became engaged in the outright practice of medicine.

Mr. Wyden. Dr. Galusha, thank you very much.

Just before we move on, one of the things that Chairman Pepper, I know, has been very interested in is this point in your testimony about individuals are who hold M.D.'s but have not passed licensure exams. I think that the subcommittee would be very interested in knowing where all those individuals are today? What kind of medicine are they practicing and what are the implications of what they are doing?

Dr. Galusha. I wish I could answer that, Congressman Wyden. We know of the U.S. foreign graduates just taking the last three full offerings of the ECFMG exam, approximately 21 percent passed 18 months ago; a year ago approximately 18 percent passed; just the last offering in July, only approximately 16 percent passed; as a group of repeaters, only 4.8 are passing, so they can't get their ECFMG certificate and, therefore, can't proceed with graduate medical education which is a prerequisite for a license. Thus, the pool is growing. What worries us is the fact that past evidence indicates that they may be serving as physicians in various capacities, and I can't go beyond that.

Mr. Wyden. You have brought up something that I think has great implications.

Dr. Galusha. I agree.

Mr. Wyden. Because you are talking about 70-80 percent, you know, of the people, based on your numbers, are people who hold M.D.'s but have not passed licensure exams. How many people are we talking about in terms of just raw numbers?

Dr. Galusha. Again, remember we talked about hip shots last time—I think that number is someplace between probably 15,000 and 40,000.

Mr. Wyden. All right. So, here you are running the Federation of State Medical Boards of the United States, and you have told us that 15,000 to 40,000 individuals hold an M.D. but have not passed a licensure exam, and we don't know in this country what they are doing, and what kind of medicine they may be inflicting on the citizens of this country. Is that what you are saying?

Dr. Galusha. That is exactly what I am telling you. A study in 1973 showed that about 48 percent of those were employed in hospitals in the United States and other health care delivery systems. It is a worrisome problem, sir.

Mr. Wyden. It is more than worrisome, Dr. Galusha. That is a startling indictment, in my view, of the present system, and I certainly think it gives the strongest possible evidence why the Congress needs to step in now and act to turn the situation around.

Dr. **Galusha.** I appreciate your concern.

Mr. **Wyden.** We thank you for your testimony today.

Dr. Shutt, we welcome you to the subcommittee. I feel very badly about now having to excuse myself again for a few minutes, and the staff will take over, and hope to join this panel again. With the crush of adjournment it's this kind of situation, but I hope to return in a few minutes.

STATEMENT OF BRUCE T. SHUTT

Mr. **Shutt.** I am Bruce Shutt, registrar at the University of Georgia.

The American Association of Collegiate Registrars and Admissions Officers [AACRAO] has been invited to comment on the scope of fraudulent degree and credential problems in our country today. As AACRAO's president, I am pleased to present these remarks from the perspective of an admissions/records administrator who is required to deal with verification of educational documents and how this applies to both the public and private sectors of education, business and employment.

The institutions of higher learning are principally responsible for issuing two types of records: a transcript which shows the complete and unabridged academic history of a student at that institution and a diploma which shows the degree awarded. In addition, institutions are required to complete numerous forms certifying attendance, enrollment, withdrawal, degrees, and other forms of information pertaining to the student while at the institution.

The official transcript is the single most important document or record issued by an institution of higher learning. It contains both demographic and academic data. It shows in chronological order the complete history of all academic endeavors attempted and/or earned.

Transcript issuance is a high volume activity in most registrar offices. Recently, 88 institutions responded to an inquiry concerning the volume of transcript requests last year. Those 88 colleges and universities filled a total of 2,900,000 requests, for an average of 32,000 per institution. The smallest number of requests filled was 2,000. The largest number was 390,000.

Students, both current and former, make transcript requests of institutions seeking to verify for potential employers, as well as other admissions officers, their academic record.

Requests are made in person, by mail and over the telephone. Following the Buckley Amendment of the Family Rights and Privacy Act of 1974, institutions refused to honor transcript requests made over the telephone. Today, most institutions insist on personal identification before issuing transcripts.

Historically, transcript information, that is, courses, grades, hours of credit, degrees, et cetera, was hand posted and manually duplicated. Although fraud existed during the early years, the problems became more widespread with the advent of photo reproduction, and more recently, the computer.

Today, administrators and faculty in higher education find themselves taking more time scrutinizing transcripts much more carefully attempting to detect fraudulent entries if not identifying entire transcripts as fraudulent.

Finally, the Buckley Amendment opened academic records to millions of alumni. Prior to Buckley, most institutions did not issue official transcripts to students. Today, a student or former student can receive a copy of his or her record by simply requesting one. Accordingly, most institutions now mark their transcripts "Issued to Student" which generally makes them unacceptable as official documents for (1) admissions purposes at other institutions of higher learning; (2) for certification to State licensing boards and hopefully; (3) for employment purposes.

Generally, the aforementioned transcript users will accept only an official transcript which is identified as one containing an embossed institution seal, the registrar's signature, and the date of issuance.

In addition, most but not all of these users will not accept a transcript which is delivered in person by the student, that is, the official transcripts are mailed in sealed envelopes to the requested transcript recipient.

The user of transcripts has a responsibility to insure that educational records received and being considered have not been falsified. All records should be carefully examined to insure that they are true, accurate and official. A checklist for users to employ when reviewing records and transcripts, in terms of being official and accurate, include:

One. Was the document mailed directly from the registrar at the issuing institution?

Two. Was the envelope postmarked in the city where the institution is located?

Three. Did the envelope have an institutional meter mark rather than a postage stamp?

Four. Does the document have a recent date of issuance?

Five. Is there a registrar signature and university seal? Are they clear and authentic?

Six. Is there consistency of type font, format, et cetera?

Too often, the potential employer does not require an official transcript but chooses to accept an undocumented resume proclaiming certain educational and/or professional experiences. Most resumes containing claimed academic achievements go unverified. Clearly, the American business community, in this regard, is guilty of gross naivete.

The second most important document issued by colleges and universities is the diploma. The diploma is an official document which proclaims an achieved educational level. It most always indicates the specific name of the major field of study and degree earned. It also shows the date the degree was awarded, the school or college faculty responsible for awarding the degree and special earned academic honors.

The diploma usually contains the signatures of the president, the dean, the chairman of the board of trustees and the registrar. For the most part, the diploma in the United States serves as a ceremonial document, that is, it is seldom used to obtain employment, to enter another level of educational endeavor, or to satisfy State certification or licensing requirements. In these instances, the official transcript is the document of choice. The reverse, however, is true in most countries outside of the United States.

Recently, diplomas have become a source of serious fraud. One can easily obtain a diploma from an illegitimate institution or obtain a fraudulent diploma of a legitimate institution.

The Federal Bureau of Investigation, particularly in the person of Special Agent Allen Ezell, has found itself completely covered up investigating and later closing illegitimate institutions or unscrupulous persons filling worthless documents purported to be diplomas, that is, the degree/diploma is not worth the piece of paper it is printed on.

DIPSCAM, as has been mentioned earlier, otherwise known as the FBI Diploma Mill Investigation, is attempting to put bogus diploma mills out of business. Registrars around the country know they now have a force to which illegitimate diploma manufacturers can be reported. The FBI is having good results for their effort. AACRAO gives it its unqualified support.

Bogus diploma operations of legitimate institutions are currently being encountered across the country. Some of the operations are disguised calling themselves "diploma replacement" services. Recently, the FBI called attention to this problem by informing roughly 100 prominent institutions that their diplomas were listed as available for replacement through an operation or firm recently closed down in the State of Oregon. Most of us as registrars were shocked to see our institutions listed. Clearly, the diplomas would have been fraudulent. Nevertheless, to an unsuspecting public or employer, the diploma would have looked legitimate and usable.

Thank you.

[The prepared statement of Mr. Shutt follows:]

Prepared Statement of Dr. Bruce T. Shutt, President, American Association of Collegiate Registrars and Admissions Officers, Associate Vice President for Student Affairs and Registrar, University of Georgia, Athens, GA

The American Association of Collegiate Registrars and Admissions Officers (AACRAO) has been invited to comment on the scope of fraudulent degree and credential problems in our country today. As AACRAO's President, I am pleased to present these remarks from the perspective of an admissions/records administrators who is required to deal with verification of educational documents and how this applies to both the public and private sectors of education, business and employment.

Since 1910, AACRAO has been concerned with the quality and the adequacy of academic records and transcripts. During that time, it has published several documents to guide its members in the maintenance of records and the production of transcrips. The last revision was published in 1984.

Institutions of higher learning are responsible principally for issuing two tyes of records—a transcript which shows the complete and umabridged academic history of a student at that institution and a diploma which shows the degree awarded. In addition, institutions are required to complete numerous forms certifying attendance, enrollment, withdrawal, degrees, and other forms of information pertaining to the student while at the institution.

The official transcript is the single most important document or record issued by the institution. It contains both demographic and academic data. It shows in chronological order the complete history of all academic endeavors attempted and/or earned.

Transcript issuance is a high volume activity in most registrar offices. Recently, eighty-eight (88) institutions responded to an inquiry concerning the volume of transcript requests last year. These eighty-eight (88) colleges and universities filled a total of 2,901,000 transcript requests for an average of 32,965 requests per institution per yeqar. The smallest number or requests filled was 2,000; the largest number was 390,000. A more detailed listing of the numbers of transcript requests filled each year is shown in Table 1.

TABLE 1.—*Volume of transcript requests filled per year by number of institutions*

Volume:	*Number*
2,000	3
3,000	2
4,000	1
5,000	1
6,000	2
8,000	5
10,000	3
11,000	1
12,000	3
14,000	1
15,000	1
17,000	2
18,000	2
19,000	1
20,000	4
21,000	2
23,000	2
26,000	3
27,000	1
30,000	2
35,000	2
38,000	1
39,000	2
40,000	2
43,000	1
46,000	1
47,000	1
48,000	1
50,000	4
54,000	5
55,000	1
60,000	5
63,000	1
65,000	1
70,000	5
71,000	1
72,000	1
73,000	1
75,000	2
80,000	1
95,000	1
99,000	1
100,000	1
107,000	1
111,000	1
124,000	1
160,000	1
300,000	1
390,000	1
No response	6

NOTE.—All figures rounded to the nearest 100.

Students, both current and former, make transcript requests of institutions seeking to verify for potential employers, as well as other admissions officers, their academic record. Requests are made in person, by mail and over the telephone. Following the Buckley Amendment of the Family Rights and Privacy Act of 1974, institutions refused to honor transcript requests made over the telephone. Today, most institutions insist on personal identification before issuing transcripts.

Historically, transcript information (courses, grades, hours of credit, degrees, etc.) was hand posted and manually duplicated. Although fraud existed during the early years, the problems became more widespread with the advent of photo reproduction, and more recently, the computers. Today, administrators and faculty in higher education find themselves taking more time scrutinizing transcripts much more carefully attempting to detect fraudulent entries if not identifying entire transcripts as fraudulent.

Finally, the Buckley Amendment opened academic records to millions of alumni. Prior to Buckley, most institutions did not issue official transcripts to students. Today, a student or former student can receive a copy of his/her record by simply requesting one. Accordingly most institutions now mark their transcripts "Issued to Student" which generally makes them unacceptable as official documents (1) for admissions purposes at other institutions of higher learning, (2) for certification to state licensing boards and hopefully, (3) for employment purposes. Generally, the aforementioned transcript users will accept only an official transcript which is identified as one containing (1) an embossed institution seal, (2) the registrar's signature and (3) the date of issuance. In addition, most but not all of these users will not accept a transcript which is delivered in person by the student, i.e., official transcripts are mailed in sealed envelopes to the requested transcript recipient.

Transcript problems occur when institutions' seals and signature stamps are lost or stolen, i.e., authenticity is endangered when these conditions occur. Other problems occur in the transcript business when users, particularly potential employers, as represented in the business community, do not bother to verify the authenticity of suspect records (transcripts), i.e., if a transcript does not appear to be genuine or has been hand delivered, the user would be prudent in telephoning or contacting the institution to seek verification.

The user of transcripts has a responsibility to insure that educational records received and being considered have not been falsified. All records should be carefully examined to ensure that they are true, accurate and official. A "checklist" for users to employ when reviewing records/transcripts, in terms of being official and accurate, include the following:

(1) Was the document mailed directly from the registrar at the issuing institution?

(2) Was the envelope postmarked in the city where the institution is located?

(3) Did the envelope have an institutional meter mark rather than a postage stamp?

(4) Does the document have a recent date of issuance?

(5) Is there a registrar signature and university seal? Are they clear and authentic?

(6) Is there consistency of type font, format, etc.?

Too often, unfortunately, the potential employer does not require an official transcript but chooses to accept an undocumented resumé proclaiming certain educational and/or professional experiences. Most resumés containing claimed academic achievements (degrees) go unverified. Clearly, the American business community, in this regard, is guilty of severe naiveté.

The Opinion Research Corporation recently published a report titled "Experience with Resumé Inflation". As part of the survey, business and manufacturing firms were asked to respond to the amount of resumé misrepresentation of education, salary history and job qualification among new employees. The results as shown in Table 2 clearly show that education misrepresentation is excessive particularly in the resumés of new employees in the business community.

TABLE 2.—TABULATION OF INTERVIEWS WITH EXECUTIVES IN 501 BUSINESSES REGARDING NEW EMPLOYEE RESOURCE MISREPRESENTATION

[Col. 1. Misrepresentation of job qualifications. Col. 2. Misrepresentation of education. Col. 3. Misrepresentation of salary history. Col. 4. Misrepresentation in all three areas. Col. 5. To my knowledge, our organization has not encountered this problem. Col. 6. Don't know/no opinion.]

	Number of interviews	1	2	3	4	5	6
Total executives	501	17	7	9	5	58	16
Under 40 years of age	113	22	12	11	6	58	8
40 to 49	194	14	5	11	5	62	12
50 years or over	194	18	8	7	5	53	25
College incomplete	52	21	8	12	8	50	19
College completed	166	15	6	5	2	64	15
Graduate work	282	18	8	11	7	56	16
Northeast	190	16	8	9	4	61	16
North central	144	19	6	9	3	59	19
South	127	15	6	8	6	59	13

TABLE 2.—TABULATION OF INTERVIEWS WITH EXECUTIVES IN 501 BUSINESSES REGARDING NEW EMPLOYEE RESOURCE MISREPRESENTATION—Continued

[Col 1. Misrepresentation of job qualifications. Col 2. Misrepresentation of education. Col 3. Misrepresentation of salary history. Col 4. Misrepresentation in all three areas. Col 5. To my knowledge, our organization has not encountered this problem. Col 6. Don't know/no opinion.]

	Number of interviews	1	2	3	4	5	6
West	40	28	13	15	18	38	15
Officers	253	19	7	10	3	56	17
Nonofficers rep to officers	171	18	8	11	9	59	12
Managers rep to nonofficers	77	12	8	3	4	61	21
Tenure							
Under 10 years	164	16	7	9	5	60	12
10 to 19 years	160	17	8	9	7	59	15
20 to 29 years	111	18	8	11	5	55	18
30 years	65	18	6	6	5	54	25

The second most important document issued by colleges and universities is the diploma. The diploma is an official document which proclaims an achieved educational level. It most always indicates the specific name of the major field of study and degree earned. It also shows the date the degree was awarded, the school or college faculty responsible for awarding the degree and special earned academic honors. The diploma usually contains the signatures of the President, the Dean, the Chairman of the Board of Trustees and the Registrar. For the most part, the diploma in the United States serves as a ceremonial document, i.e., it is seldom used to obtain employment, to enter another level of educational endeavor or to satisfy state certification or licensing requirements. In these instances, the official transcript is the document of choice. The reverse is true, however, in most countries outside the U.S.

Recently, diplomas have become a source of serious fraud, i.e., one can easily obtain a diploma from an illegitimate institution or obtain a fraudulent diploma of a legitimate institution. The Federal Bureau of Investigation, particularly in the person of Special Agent Allen Ezell, has found itself completely covered up investigating and later closing illegitimate institutions or unscrupulous persons filling worthless documents purported to be diplomas, i.e., the degree/diploma is not worth the piece of paper it is printed on. DIPSCAM, otherwise known as the FBI Diploma Mill Investigation, is attempting to put bogus diploma mills out of business. Registrars around the country know they now have a force to which illegitimate diploma manufacturers can be reported. The FBI is having good results for their effort. AACRAO gives it its unqualified support.

Bogus diploma operations of legitimate institutions are currently being encountered across the country. Some of the operations are disguised calling themselves "diploma replacement" services. Recently the FBI called attention to this problem by informing roughly a hundred prominent institutions that their diplomas were listed as available for replacement through an operation (firm) recently closed down in Oregon. (See Enclosure A.) Most of us (registrars) were shocked to see our institutions listed. Clearly the diplomas would have been fraudulent. Nevertheless to an unsuspecting public or employer, the diploma (paper) would have looked legitimate and usable.

[Enclosure A]

BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF GEORGIA,
Atlanta, GA, August 27, 1985.

Memorandum to: Registrars, University System of Georgia.
From: Henry G. Neal, Executive Secretary.
Re: Diploma Reproduction.

The attached copies of correspondence and other material from the Federal Bureau of Investigation concerning a diploma mill in Oregon, was forwarded to me by the Attorney General's office.

Please note that the University of Georgia was one of the colleges enumerated for which such bogus degrees might have been issued.

Please note also the computerized listing of the names of individuals from Georgia who apparently purchased such degrees and who may not in fact be graduates of the respective institutions listed.

U.S. DEPARTMENT OF JUSTICE,
FEDERAL BUREAU OF INVESTIGATION,
Charlotte, NC, August 9, 1985.

Hon. MICHAEL J. BOWERS,
Attoney General of Georgia,
State Judicial Building, Atlanta, GA.

DEAR MR. BOWERS: On June 14, 1984, Special Agents of the Federal Bureau of Investigation (FBI) executed a federal search warrant at the residence of Dennis Gunter, doing business as Alumni Arts, Post Office Box 552, Grants Pass, Oregon. Alumni Arts caused advertisements to be placed in numerous publications wherein it advertised its services as a lost, replacement degree service. Degrees were sold at $39.95 each and were available on over 320 educational institutions. (A copy of their most recent literature is attached hereto). Gunter was later indicated by the Federal Grand Jury, United States District Court, Western District of North Carolina, for both fraud by wire and mail fraud, entered guilty pleas and was sentenced.

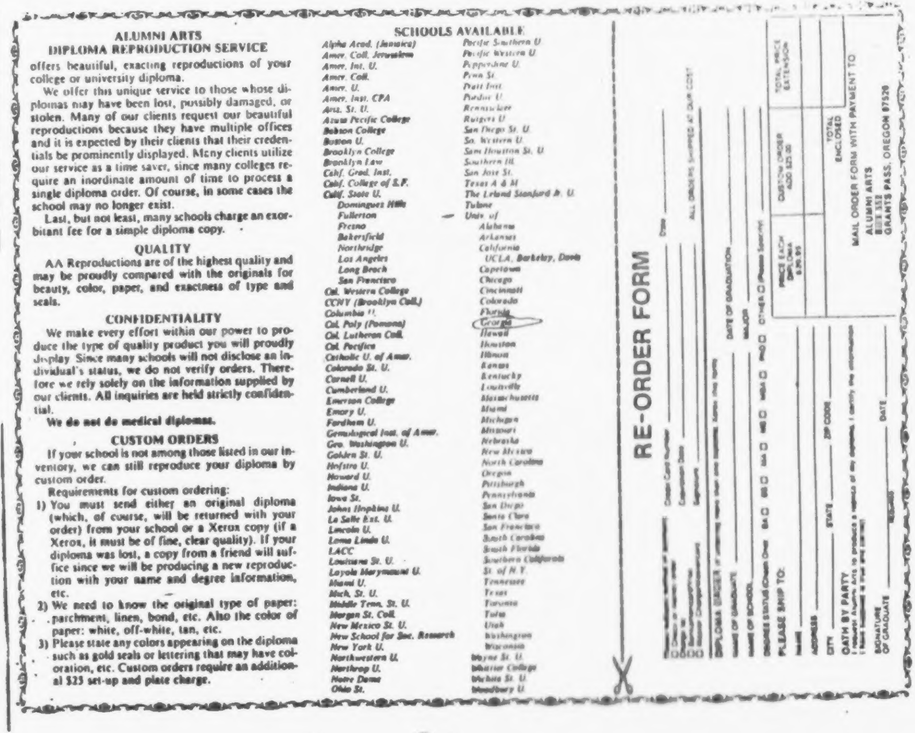
The seized records were reviewed, computerized and we corresponded with the Registrar of each of the universities whose degrees were being sold. Thus, we are now able to furnish you a listing of only those individuals who purchased degrees from Alumni Arts which persons are not in fact legitgimate graduates of these respective institutions.

The attached listing reflects the names and addresses of citizens of your state who purchased degrees from Alumni Arts between 1982 and June 14, 1984, as purportedly issued by the colleges/universities indicated. This listing is furnished to you for whatever action you deem appropriate. We would, however, appreciate being advised of any unusual situations which may arise concerning this matter.

Sincerely yours,

ROBERT L. PENCE,
Special Agent in Charge.

RAYMOND J. BOWLEY,
Supervisory Special Agent.



ALUMNI ARTS
DIPLOMA REPRODUCTION SERVICE

offers beautiful, exacting reproductions of your college or university diploma.

We offer this unique service to those whose diplomas may have been lost, possibly damaged, or stolen. Many of our clients request our beautiful reproductions because they have multiple offices and it is expected by their clients that their credentials be prominently displayed. Many clients utilize our service as a time saver, since many colleges require an inordinate amount of time to process a single diploma order. Of course, in some cases the school may no longer exist.

Last, but not least, many schools charge an exorbitant fee for a simple diploma copy.

QUALITY

AA Reproductions are of the highest quality and may be proudly compared with the originals for beauty, color, paper, and exactness of type and seals.

CONFIDENTIALITY

We make every effort within our power to produce the type of quality product you will proudly display. Since many schools will not disclose an individual's status, we do not verify orders. Therefore we rely solely on the information supplied by our clients. All inquiries are held strictly confidential.

We do not do medical diplomas.

CUSTOM ORDERS

If your school is not among those listed in our inventory, we can still reproduce your diploma by custom order.

Requirements for custom ordering:

1) You must send either an original diploma (which, of course, will be returned with your order) from your school or a Xerox copy (if a Xerox, it must be of fine, clear quality). If your diploma was lost, a copy from a friend will suffice since we will be producing a new reproduction with your name and degree information, etc.
2) We need to know the original type of paper: parchment, linen, bond, etc. Also the color of paper: white, off-white, tan, etc.
3) Please state any colors appearing on the diploma such as gold seals or lettering that may have coloration, etc. Custom orders require an additional $25 set-up and plate charge.

SCHOOLS AVAILABLE

Alpha Acad. (Jamaica)
Amer. Coll. Jerusalem
Amer. Int. U.
Amer. Coll.
Amer. U.
Amer. Inst. CPA
Ariz. St. U.
Azusa Pacific College
Babson College
Boston U.
Brooklyn College
Brooklyn Law
Calif. Grad. Inst.
Calif. College of S.F.
Calif. State U.
  Dominguez Hills
  Fullerton
  Fresno
  Bakersfield
  Northridge
  Los Angeles
  Long Beach
  San Francisco
Cal. Western College
CCNY (Brooklyn Coll.)
Columbia U.
Cal. Poly (Pomona)
Cal. Lutheran Coll.
Cal. Pacifica
Catholic U. of Amer.
Colorado St. U.
Cornell U.
Cumberland U.
Emerson College
Emory U.
Fordham U.
Genealogical Inst. of Amer.
Geo. Washington U.
Golden St. U.
Hofstra U.
Howard U.
Indiana U.
Iowa St.
Johns Hopkins U.
La Salle Ext. U.
Lincoln U.
Loma Linda U.
LACC
Louisiana St. U.
Loyola Marymount U.
Miami U.
Mich. St. U.
Middle Tenn. St. U.
Morgan St. Coll.
New Mexico St. U.
New School for Soc. Research
New York U.
Northwestern U.
Northrop U.
Notre Dame
Ohio St.
Pacific Southern U
Pacific Western U
Pepperdine U.
Penn St.
Pratt Inst.
Purdue U.
Rensselaer
Rutgers U
San Diego St. U.
So. Western U.
Sam Houston St. U.
Southern Ill.
San Jose St.
Texas A & M
The Leland Stanford Jr. U.
Tulane
Univ. of
  Alabama
  Arkansas
  California
    UCLA, Berkeley, Davis
  Capetown
  Chicago
  Cincinnati
  Colorado
  Florida
  Georgia
  Hawaii
  Houston
  Illinois
  Kansas
  Kentucky
  Louisville
  Massachusetts
  Miami
  Michigan
  Missouri
  Nebraska
  New Mexico
  North Carolina
  Oregon
  Pittsburgh
  Pennsylvania
  San Diego
  Santa Clara
  San Francisco
  South Carolina
  South Florida
  Southern California
  St. of N.Y.
  Tennessee
  Texas
  Toronto
  Tulsa
  Utah
  Washington
  Wisconsin
Wayne St. U.
Wharton College
Wichita St. U.
Woodbury U.

RE-ORDER FORM

[illegible] Credit Card Number ______ Date ______
Expiration Date ______
Signature ______
ALL ORDERS SHIPPED AT OUR COST

DIPLOMA [illegible]

NAME OF GRADUATE ______ DATE OF GRADUATION ______
NAME OF SCHOOL ______ MAJOR ______
DEGREE STATUS (Check One) BA ☐ BS ☐ MA ☐ MS ☐ MBA ☐ PhD ☐ OTHER ☐ (Please Specify) ______

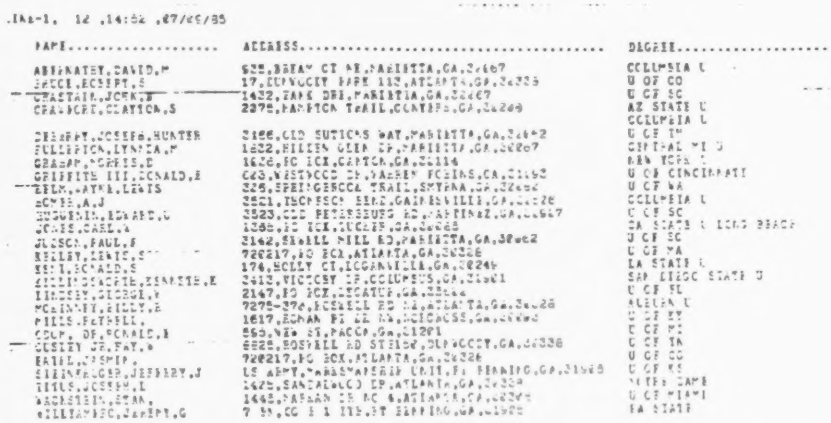
PLEASE SHIP TO:
NAME ______
ADDRESS ______
CITY ______ STATE ______ ZIP CODE ______

OATH BY PARTY
I request Alumni Arts to produce a replica of my diploma. I certify the information [illegible]

SIGNATURE OF GRADUATE ______ DATE ______

PRICE EACH DIPLOMA [illegible]	CUSTOM ORDER ADD $25.00	TOTAL PRICE EXTENSION
	TOTAL ENCLOSED	

MAIL ORDER FORM WITH PAYMENT TO
ALUMNI ARTS
[redacted]
GRANTS PASS, OREGON 97526



Mr. RODGERS. Dr. Shutt, thank you very much for your excellent testimony.

I have several quick questions. You mentioned in your testimony, or at least alluded to the fact that the credentialing problem is increasing in this country. I was wondering if you would venture a guess as to why this is the case.

Mr. SHUTT. Most institutions that are legitimate have no fear of going after the proper credentialing; that is, they can go through accrediting agencies and most will gain their proper place in the world of academe.

The trouble in the American business community is that proprietors or employers do not take the time to call the registrar—a simple telephone call—and say, does this man have a degree from your institution?

As a practicing registrar, I will get no more than a dozen calls per year. I ought to be getting hundreds of calls from prospective employers asking me to authenticate a degree, a major, et cetera. It simply does not happen.

Mr. RODGERS. Thank you. I have one further question. Dr. Shutt, does the American Association of Collegiate Registrars and Admissions Officers have any specific recommendations to combat the problem of fraudulent credentials?

Mr. SHUTT. The first thing that we have done more recently is to inform the FBI every time one of these organizations or institutions comes to be known. We just recently closed down one in Georgia. We made it known to the FBI. It operated out of a mailbox in Savannah. They were successful in bringing those people to trial, and those people are now in prison.

Through our national, regional, and State organizations, we present programs dealing with fraudulent records at nearly each annual meeting. We bring people such as Agent Ezell into our organization and have him identify for us the latest techniques of these individuals and institutions that are trying to bring fraud upon our profession.

AACRAO publishes a permanent record and transcript guide which does alert all registrars as to the correct way to maintain the transcript business and the diploma business. We feel as if we are doing the job correctly. It is hard to keep track of those that are doing it incorrectly.

Mr. RODGERS. Thank you very much.

Any other specific recommendations that the association would care to provide to both subcommittees would be greatly appreciated.

Mr. SHUTT. Very soon now, AACRAO will present a document dealing with fraudulent records. It will be a complete study of this problem in an attempt to alert those in our profession how to deal with it.

Mr. RODGERS. Thank you.

Mr. Fisch, I have several quick questions for you.

What in your opinion are the systemic problems that allow the types of bogus professionals that you identified in your testimony, to operate in our society in the first place?

Mr. FISCH. I would imagine that the opportunity financially for somebody to practice as a doctor is obvious. I think that would be one of the major incentives.

Mr. RODGERS. Are there any other reason that you would want to venture an opinion on?

Mr. FISCH. I think whether it be the health care field or any of the others, the ease with which entry can be made. Dr. Roberts and I were talking about this problem earlier. It may sound simplistic but her formula, which, I think, is almost profound, is care and attention. And if the care and attention were displayed in the initial source where somebody makes a presentation of résumé and credentials, if scrutiny were had of the authenticity of those documents, I think a tremendous amount of these problems could be nipped in the bud.

Mr. RODGERS. Based on your experiences, are there any recommendations that you would make to this subcommittee to better control the problems of phony physicians or other bogus professionals?

Mr. FISCH. Yes, as, I think, the chairman preceding you had indicated, consumer education is extremely important. We in New York are trying to advise people of the problems. We are doing that through dissemination of the information within New York and outside New York. We believe passionately in the right of the consumer to know how practitioners are behaving, not only those individuals who are practicing illegally without credentials, but those who are licensed and practicing.

I indicated we have over 500,000 licensed practitioners in New York, and it is extremely important that the information that we have be shared, and we are doing exactly that.

Mr. RODGERS. Thank you very much.

I would like to turn the questioning over to my colleague, Cathy Gardner-Cravedi, who is the staff director of the Subcommittee on Health.

Ms. GARDNER-CRAVEDI. I just have one question I would like to ask of Dr. Galusha.

Dr. Galusha, in light of Congressman Wyden's last question to you, in your opinion, would State and medical licensing boards be assisted by the establishment of a computerized national system on fraudulent credentials which would contain information from all the States on professionals identified as having fraudulent credentials, whether or not they are licensed? Would that be helpful?

Dr. GALUSHA. I think any source of information is helpful. Of course, as you know, we have that incorporated in the federation's physician disciplinary bank. But any redundancy, I think, would be helpful. Therefore, I would have no objections to that whatsoever.

Ms. GARDNER-CRAVEDI. Last, in terms of your support for Mr. Pepper's legislation, which he appreciates very much, on the part of the federation, could you comment as to what suggestions you would have for the subcommittee as we move ahead with that legislation. Any improvements with it?

Dr. GALUSHA. I think there are two things that are desperately needed with that legislation. First, I think, Federal Government's role is to do what State governments can't. This approval legislation is a big project and, I think this is where we need the help of the Federal Government. I believe that there must be indemnification of those who participate. If it is a LCME, they need to be indemnified because they can't confront the legal costs. They also have to be properly financed.

I think in evaluating in these schools there should be certain givens before a school possibly would even be considered to be looked at for approval. Those will be listed—and I have discussed suggested prerequisites with Mr. Reinecke. He knows well.

Ms. GARDNER-CRAVEDI. So we have your suggestions with the staff?

Dr. GALUSHA. You do.

Ms. GARDNER-CRAVEDI. Thank you very much.

Dr. GALUSHA. You are welcome.

Mr. RODGERS. Mr. Fisch, Dr. Roberts, Dr. Galusha, Dr. Shutt, I would like to thank you very much for coming here and testifying today. I again extend the apologies of the chairmen of both subcommittees for their necessary absence today. I hope you understand that. Thank you very much.

Dr. GALUSHA. Thank you.

Mr. RODGERS. Mr. Wyden is expected back shortly. I would like to take the opportunity to call panel 4, the Federal response to today's hearing. The three witnesses who will be presenting testimony today include: Mr. Jack Swagerty, who is the Assistant Chief Inspector of Criminal Investigations for the U.S. Postal Service; Mr. Anthony Daniels, Deputy Assistant Director, Criminal Investigations, for the Federal Bureau of Investigation, and Dr. Arthur Lewis, Deputy Director of Operations for the Department of Medicine and Surgery of the Veterans' Administration.

Gentlemen, we welcome you all. Again, I extend the committee's apologies. This hearing has run much later than we expected. I know that many of you have appointments this afternoon so we will proceed quickly. I will ask Mr. Swagerty to begin.

PANEL FOUR, CONSISTING OF JACK E. SWAGERTY, ASSISTANT CHIEF POSTAL INSPECTOR, U.S. POSTAL INSPECTION SERVICE; ANTHONY E. DANIELS, INSPECTOR-DEPUTY ASSISTANT DIRECTOR, CRIMINAL INVESTIGATIVE DIVISION, FBI; AND ARTHUR J. LEWIS, M.D., DEPUTY DIRECTOR OF OPERATIONS, DEPARTMENT OF MEDICINE AND SURGERY, VETERANS' ADMINISTRATION, ACCOMPANIED BY PAUL EAST, DIRECTOR, AFFILIATED EDUCATION PROGRAMS SERVICE, VETERANS' ADMINISTRATION, AND JIM ADAMS, DEPUTY ASSISTANT COUNSEL, VETERANS' ADMINISTRATION

STATEMENT OF JACK E. SWAGERTY

Mr. SWAGERTY. Good afternoon, sir. Respecting your desire for brevity, I have condensed my testimony and request that the full text of my statement be entered into the official record of these proceedings.

Mr. RODGERS. Without objection, it is so ordered.

Mr. SWAGERTY. I appreciate the opportunity to appear before your subcommittee to discuss our efforts to combat unlawful use of the mails to obtain fraudulent degrees. As you know, my predecessor, Charles P. Nelson, appeared before you on December 7, 1984, and reported on the inspection service's investigations of those involved in the use and sale of fraudulently obtained medical credentials.

In 1982, postal inspectors conducted a successful undercover operation culminating in the graduation of our undercover agent from a World Health Organization listed medical school located in Santo Domingo, Dominican Republic. For the price of $19,200, a nurse practitioner was awarded an M.D. degree, academic transcripts, and a letter of recommendation. The man responsible for brokering this purchase, Pedro de Mesones, is now a Federal prisoner serving a 3-year sentence.

At our last appearance before this subcommittee, we reported that "our investigation did not stop there." We were then faced with the task of locating 165 individuals who did business with Mr. de Mesones and determining whether sufficient evidence was available to support their prosecutions.

In some instances, cases developed on the purchasers of these degrees were referred to the appropriate U.S. attorney for prosecution. Some of the affected States undertook their own investigations and in this regard we made contact with each State medical licensing agency and shared our information and cooperated with them fully.

Based on the evidence it was determined that prosecutive action should be pursued against 54 of these individuals, and I am pleased to report that 26 have been convicted and sentenced in various Federal and State jurisdictions across the country. Information on 28 others was referred to appropriate Federal and State authorities and prosecution has either been declined or is still pending.

After completing the review and analysis of 16 cartons of documents seized during the search of Pedro de Mesones' residence, two teams of inspectors traveled to California, Oklahoma, Florida, and Tennessee, to interview clients, former clients, and an accomplice of De Mesones.

In addition to obtaining incriminating statements and admissions from several of his present and former clients, evidence of complicity was developed implicating Joseph D. McPike, a medical doctor, who was then employed as medical director at Polk General Hospital, Bartow, FL, in the scheme.

The evidence indicated that McPike was involved in falsifying evaluations and letters of recommendation on behalf of some of de Mesones' clients who ostensibly did their clinical rotations at Polk. In fact, some did partial rotations and others did none. The evidence also pointed to a sizable embezzlement from the Polk General Hospital Foundation by McPike. Polk General Hospital, which is owned and operated by Polk County as a hospital for the poor, fired McPike in December of last year.

On December 20, 1984, in U.S. District Court in Alexandria, VA, McPike pled guilty to a criminal information charging him with one count of mail fraud and one count of conspiracy.

U.S. District Judge Richard Williams sentenced McPike to 3 years in the custody of the attorney general and fined him $1,000 on the mail fraud count. Additionally, he was sentenced to 3 years and fined $10,000 on the conspiracy count. The sentences are to be served concurrent to each other and concurrent to the sentence imposed by the circuit court in Florida on the related embezzlement scheme.

The next situation I am going to describe I think graphically illustrates the seriousness of the problem. When our inspectors went to a New Jersey hospital to serve a subpoena on another one of de Mesones' clients, that individual, when confronted, advised that he had just returned from the operating room. He was employed at the hospital as an anesthesiologist. This individual was subsequently prosecuted and on October 22, 1984, was sentenced in U.S. District Court to 2 months in prison, 2 years probation, and 120 hours of community service.

When we first began the de Mesones investigation, the medical degree brokering activity was thought to be just an isolated instance. We were very surprised, however, to find out that this is not the case. In addition to the investigation I am now about to describe, we have other ongoing investigations in the Western and Southwestern parts of the United States.

In the particular case I want to tell you about, two principals, the owners and operators of a former medical school student placement business, are the targets of an inspection service investigation in the eastern district in New York. A search warrant was issued and resulted in the seizure of files of over 1,000 students who had contacted C.J. Institute for placement in offshore medical schools. Allegedly, some of these students obtained medical degrees without university attendance and/or without performing some of the required clinical rotations.

Close cooperation with the New York State office of professional discipline and the New York State attorney general's office has resulted in identification of a number of people who have medical degrees and some who do not have medical degrees who will give testimony regarding C.J.'s practice of placing students.

If I could depart, I would like to compliment New York State—they have been very active and we have had a very good relationship with them.

The names of students in the files have been furnished on request to three other law enforcement groups for investigation. Also, approximately 100 of these files have been furnished to either these Federal agencies or State law enforcement agencies for investigatory purposes at their request.

This type of fraud is not limited only to those who purchase fraudulent credentials. We also investigate diploma mill organizations. We are very aware that fraudulent degrees and false credentials of all types pose a serious threat to the integrity of both Government and private institutions. The ease of obtaining official documents has, on several occasions, clearly been demonstrated in our investigations involving false documents submitted by postal employees for employment, promotional, or other career advancement purposes.

Preventing such fraud, particularly fraudulent medical degrees, is very difficult. The licensing, regulation, and disciplining of physicians is the prerogative of each of the States. Accordingly, the States bear the responsibility for policing abuses relating to the credentialing of physicians. Our experience over the last few years, however, has taught us that sometimes reality trespasses on that thesis. It is safe and comfortable to say that the widespread trafficking in fraudulently obtained medical credentials is a State's responsibility. It may well be the State's responsibility, but it is a national problem.

A common way for a State licensing board to deal with a person who has suspect medical credentials is to deny or revoke his license. That board may well believe that it has fulfilled its responsibility to safeguard the lives and health of its populace, and perhaps it has. Experience has taught us, though, that what happens next is very predictable. The unsuccessful applicant will move on to another State and just try it again.

There are several factors which help to thwart the States in their efforts to deal with the problems caused by fraudulent medical credentials. First, many of the buyers of these bogus credentials are transient and will move from State to State in perpetrating this type of scheme. When law enforcement finally catches up with them, it is usually necessary to call witnesses from farflung corners of the country in order to piece together a solid case. This presents problems for State prosecutors whose subpoena power is much more limited than that of the Federal prosecutors. For example, in one of our cases, the Government had to subpoena 12 witneses from 10 different States. This was a very expensive proposition but deemed necessary by the prosecutor and by us working the case.

The alternative was to allow the defendant to continue practicing medicine at a major teaching hospital in Dallas. Fortunately, that did not happen, as he has been convicted and is serving a term in the Federal prison.

Second, in some States it is only a misdemeanor to file a false application for a physician's license, and that's hardly a major deterrent to fraud.

Third, many States do not require either a license or permit for a medical graduate to engage in internships or residencies. This means that individuals often do not come within the jurisdiction of a State licensing board until 2, 3, or 4 years after they have been providing increasingly complex levels of patient care.

Fourth, many States simply do not have the investigative or prosecutive resources to deal with these expensive and far-reaching investigations.

A General Accounting Office report, which was recently transmitted to the subcommittee, advanced two legislative alternatives for mitigating the problems created by foreign medical graduates coming into this country to practice medicine. These alternatives would seem to have a great deal of merit in dealing with these serious problems.

When my predecessor, Mr. Nelson, appeared here last year, he advised that the inspection service would temporarily act as a clearinghouse for information generated by the various investigations. We were asked by several States to do this and we believe that the clearinghouse concept could solve some of the coordination problems which always develop during a nationwide multiagency operation.

I am happy to report that we have been active in functioning as a clearinghouse and will continue to play an active role in the sharing of information from our investigative files with each State and Federal agency responsible for enforcing laws regarding false medical degrees.

Aside from all the good work that is currently being done to address this serious national problem by Congress, Federal, and State government officials, and dedicated law enforcement and medical professionals, I believe much more has to be done. Fraudulent medical credentials are a multifaceted problem requiring participation from all appropriate regulatory and law enforcement agencies at all levels of government, as well as by the affected professional organizations.

Although we have jurisdiction in these matters as the result of the mail fraud statute, other activities are frequently uncovered incident to these investigations for which we do not have jurisdiction. As stated during the previous hearings, we do not believe we could or should police the medical profession, but we do plan to continue to be active in this area, especially in those cases involving brokers of false medical credentials.

We strongly support your efforts for introducing new legislation which significantly increases the penalties for mail fraud. Passage of this legislation will not only give us the tools we need to combat fraudulent activity, but it will put more teeth in the statute and hopefully will have a significant deterrent effect on all types of fraudulent activity. I hope that this legislation will be enacted expeditiously.

[The prepared statement of Mr. Swagerty follows:]

PREPARED STATEMENT OF JACK E. SWAGERTY, ASSISTANT CHIEF POSTAL INSPECTOR, U.S. POSTAL INSPECTION SERVICE

Mr. Chairman, my name is Jack E. Swagerty, Assistant Chief Inspector for Criminal Investigations, U.S. Postal Inspection Service. I appreciate the opportunity to appear before your Subcommittee to discuss the Inspection Service's efforts to combat unlawful use of the mails to obtain fraudulent, degrees. As you know, my predecessor, Charles P. Nelson, appeared before you on December 7, 1984, and reported on the Inspection Service's investigations of those involved in the use and sale of fraudulently obtained medical credentials.

In 1982, Postal Inspectors conducted a successful undercover operation culminating in the graduation of our undercover agent from a World Health Organization (WHO) listed medical school (CETEC) located in Santo Domingo, Dominican Republic. For the price of $19,200, a nurse practitioner was awarded an M.D. degree, academic transcripts, and a letter of recommendation. The man responsible for "brokering" this purchase, Pedro de Mesones, is now a federal prisoner serving a three-year sentence.

At our last appearance before this Subcommittee, we reported that "our investigation did not stop there. We now faced the task of locating the 165 individuals who did business with Mr. de Mesones and determining whether sufficient evidence was available to support their prosecutions."

In some instances, cases developed on the purchasers of these degrees were referred to the appropriate U.S. Attorney for prosecution. Some of the affected states undertook their own investigations and in this regard we made contact with each state medical licensing agency and shared our information and cooperated with them fully.

Based on the evidence, it was determined that prosecutive action should be pursued against 54 of these individuals, and I am pleased to report that 26 have been convicted and sentenced in various federal and state jurisdictions across the country. Information on 28 others was referred to appropriate federal and state authorities and prosecution has either been declined or is still pending.

After completing the review and analysis of 16 cartons of documents seized during the search of Pedro de Mesones' residence, two teams of Inspectors traveled to California, Oklahoma, Florida and Tennessee to interview clients, former clients, and an accomplice of de Mesones. In addition to obtaining incriminating statements and admissions from several of his present and former clients, evidence of complicity was developed implicating Joseph D. McPike, M.D., who was then employed as Medical Director at Polk General Hospital, Bartow, Florida, in the scheme.

The evidence indicated that McPike was involved in falsifying evaluations and letters of recommendation on behalf of some of de Mesones' clients who ostensibly did their clinical rotations at Polk. In fact, some did partial rotations while others did none. The evidence also pointed to a sizable embezzlement from the Polk General Hospital Foundation by McPike. Polk General Hospital, which is owned and operated by Polk County as a hospital for the poor, fired McPike in December 1984.

On December 20, 1984, in U.S. District Court, Alexandria, VA, Joseph D. McPike, M.D., pled guilty to a criminal information charging him with one count of mail fraud, 18 U.S.C. 1341, and one count of conspiracy, 19 U.S.C. 371.

U.S District Judge Richard Williams sentenced McPike to three years in the custody of the Attorney General and fined him $1,000 on the mail fraud count. Additionally, he was sentenced to three years in the custody of the Attorney General and fined $10,000 on the conspiracy count. The sentences are to be served concurrent to each other and concurrent to the sentence imposed on November 14, 1984, by the Circuit Court of the Tenth Judicial District of the State of Florida in the related embezzlement scheme.

I would now like to share some information with you on other case examples involving fraudulent degrees.

In early 1982, while serving as Doctor of Podiatry Medicine at Humana Hospital, Clinch Valley, Richlands, VA, Bruce M. Friedman met with Pedro de Mesones at National Airport in Washington, DC. During this meeting Dr. Friedman expressed a desire to obtain a Doctor of Medicine degree. Arrangements were made whereby Dr. Friedman would pay a set sum of money to de Mesones and furnish him with documents that would show that he had completed his clinical rotations and had the basic science requirements.

During the year that followed this meeting, Friedman made payments to de Mesones which totaled approximately $10,000. He also furnished de Mesones with various records from the Illinois College of Podiatry Medicine showing, among other things, which basic science requirements he had completed and a copy of his degree of podiatry medicine.

In April 1983, Bruce Friedman mailed to de Mesones a notarized letter, written on Humana Clinch Valley Community Hospital stationery, showing he had completed his clinical clerkship rotations. This document bore the forged signature of W.A. Gillespie and showed him to be Medical Director and Director of Medical Education.

Mr. William A. Gillespie is not a medical doctor; however, he is executive director of Humana Clinch Valley Community Hospital.

Bruce M. Friedman did not attend classes at Universidad CETEC. He was employed at Humana Hospital, Clinch Valley, from the time he first made contact with de Mesones and was still so employed at the time his degree of Doctor of Mediciana from Undersidad CETEC was issued on June 11, 1983.

This case was presented to the U.S. Attorney's office at Roanoke for prosecution. An Assistant United States Attorney decided to handle the matter as a pretrial diversion, providing Dr. Friedman would agree to notify, in writing, the Virginia Board of Medicine, where he is certified and licensed to practice podiatry, and the Humana Hospital in Richlands, VA, where he is practicing podiatry, of his fraudulent activity in obtaining a degree of Doctor of Medicine from CETEC University. On May 30, 1985, an agreement of pretrial diversion was entered into between Bruce M. Friedman and the United States of America. Under this agreement, prosecution for this offense was deferred for 12 months, during which time Friedman is on probation.

This next situation I am going to describe graphically illustrates the seriousness of this problem. When our Inspectors went to a New Jersey hospital to serve a subpoena on another one of de Mesones' clients, that individual, when confronted, advised that he had just returned from the operating room. He was employed at the Hospital as an anesthesiologist. This individual was subsequently prosecuted and on October 22, 1984, was sentenced in U.S. District Court to two months in prison, two years probation, and 120 hours of community service work.

In another case a licensed physician's assistant and resident of the State of Massachusetts made contact with Pedro de Mesones during March 1981. From the outset it was made clear that this individual was essentially purchasing a CETEC medical degree "package" including grade transcripts which would reflect as if all courses were actually taken at CETEC. To that end he supplied, and had supplied on his behalf, false and fictitious transcripts from a Mexican medical school, false and altered letters of recommendation from CETEC deans, as well as other sources. The Mexican medical school transcripts were used to enable CETEC to further the fraud by granting "advanced standing" or "conversion" credits. In this case the violator intended to exaggerate his CETEC transcript by having it reflect courses over the above core course requirements in an attempt to place himself in a better negotiating posture for United States hospital placement.

During 1983 he applied for a limited license to practice medicine as an intern at a Massachusetts hospital where he served from April 1983 until his ultimate termination in April 1984.

When we first began the de Mesones investigation, this medical degree brokering activity was thought to be only an isolated instance. We were shocked, however, to find out that this is not the case. In addition to the investigation I am about to describe, we have other ongoing investigations in the Western and Southwest United States.

In the particular case I want to tell you about, two principals, the owners and operators of a former medical school student placement business, are the targets of an Inspection Service investigation in the Eastern District of New York. A search warrant was issued and resulted in the seizure of files of over 1,000 students who had contacted C. J. Institute for placement in off-shore medical schools. Allegedly, some of these students obtained medical degrees without university attendance and/or without performing some required clinical rotations.

Close cooperation with the New York State Office of Professional Discipline and New York State Attorney General's Office has resulted in identification of a number of people who have medical degrees and some who do not have medical degrees who will give testimony regarding C.J.'s practice of "placing" students.

The names of students in the files have been furnished on request to three other federal law enforcement groups for investigation. Also, approximately 100 of the files have been furnished to either these federal agencies or state law enforcement agencies for investigatory purposes at their request.

This type of fraud is not limited to those who purchased fraudulent credentials. We also investigate diploma mill type organizations. We are very aware that fraudulent degrees and false credentials of all types pose a serious threat to the integrity of both government and private institutions. The ease of obtaining official documents has, on several occasions, clearly been demonstrated in our investigations involving false documents submitted by postal employees for employment, promotional or other career advancement purposes.

Now I would like to describe a typical diploma mill case. In this case the operator, and other members of his family, have been operating a diploma mill type operation in the Los Angeles area since the late 1970s. Our investigation determined that the violator advertised diplomas in newspapers and magazines in the United States, using a domestic business name and address. On inquiry from the public, he mails a brochure from the United States and utilizes a foreign address for the receipt of all further correspondence and remittances. During the investigation, schools utilizing the name of Loyola University, Roosevelt University, and DePaul University were associated with the subject's activities.

The Inspection Service made a test purchase to the Loyola University through a Paris, France address. The money order, sent to the Paris, France address, ultimately was negotiated in the Los Angeles area. In addition, documents received from several persons who had sent money to one of the perpetrator firms revealed that monies had been deposited/negotiated in both Los Angeles and the Grand Cayman Islands.

During the course of the investigation it was determined that this individual utilized the services of numerous "mail drops" in Los Angeles and Chicago, IL for the receipt of mail. In addition, it was determined that the Federal Bureau of Investigation, Charlotte Field Office, Charlotte, NC was conducting a parallel investigation into his activities in which the United States attorney in Charlotte, NC, was amenable to promptly initiating prosecutive action. In the spirit of interagency cooperation and to avoid duplication of both of our efforts, we decided to share all information gathered in our investigation with the Bureau.

Preventing such fraud, particularly fraudulent medical degrees, is very difficult. The licensing, regulation, and disciplining of physicians is the prerogative of each of the states. Accordingly, the states bear the responsiblility for policing abuses relating to the credentialing of physicians. Our experience over the last few years, however, has taught us that sometimes reality trespasses on that thesis. It is safe and comfortable to say that the widespread trafficking in fraudulently-obtained medical credentials is a state's responsibility. It may well be the state's responsibility, but it is a national problem.

A common way for a state licensing board to deal with a person who has suspect medical credentials is to deny or revoke a license. That board may well believe that it has fulfilled its responsibility to safeguard the lives and health of its populace, and perhaps it has. Experience has taught us, though, that what happens next if very predictable. The unsuccessful applicant will move on to another state and try again.

There are several factors which help to thwart the states in their efforts to deal with the problems caused by fraudulent medical credentials. First, many of the buyers of these bogus credentials are transient and will move from state to state in perpetrating this type of scheme. When law enforcement finally catches up with them, it is usually necessary to call witnesses from farflung corners of the country in order to piece together a solid case. This presents problems for state prosecutors whose subpoena power is much more limited than that of federal prosecutors. For example, in one of our cases the government had to subpoena 12 witnesses from 10 different states. This was an expensive proposition, but deemed necessary by the prosecutor and Postal Inspectors working the case. The alternative was to allow the defendant to continue practicing medicine at a major teaching hospital in Dalas. Fortunately, that did not happen, as he was convicted and sentenced to a term in federal prison.

Second, in some states it is only a misdemeanor to file a false application for a physician's license, hardly a major deterrent to fraud.

Third, many states do not require either a license or permit for a medical graduate to engage in internships or residencies. This means that individuals often do not come within the jurisdiction of a state licensing board until two, three, or four years after they have been providing increasingly complex levels of patient care.

Fourth, many states simply do not have the investigative or prosecutive resources to deal with these expensive and farflung investigations.

A General Accounting Office report, which was recently transmitted to your office, advanced two legislative alternatives for mitigating the problems created by foreign medical graduates coming into this country to practice medicine. These alternatives would seem to have a great deal of merit in dealing with this serious problem.

When Mr. Nelson appeared here on December 7, 1984, he advised that the Inspection Service would temporarily act as a clearinghouse for information generated by the various investigations. We were asked by several states to do this and we believe that the clearinghouse concept could solve some of the coordination problems which always develop during a nationwide multi-agency operation. I am happy to report that we have been very active in functioning as a clearinghouse and will continue to play an active role in the sharing of information from our investigative files with each state and federal agency responsible for enforcing laws regarding false medical degrees.

Mr. Chairman, aside from all the good work that is currently being done to address this serious national problem by the Congress, federal and state government officials, and dedicated law enforcement and medical professionals, I believe more has to be done. Fraudulent medical credentials are a multi-faceted problem requiring participation from all appropriate regulatory and law enforcement agencies at all levels of government, as well as by the affected professional organizations.

Although we have jurisdiction in these matters as the result of the Mail Fraud Statute, other activities are frequently uncovered incident to these investigations for which we do not have jurisdiction. As stated during the previous hearings, we do not believe we could or should police the medical profession, but we do plan to continue to be active in this area, especially in those cases involving brokers of false medical credentials.

Inspection Service investigative efforts in the area of fraudulent medical credentials are largely directed towards pursuing individuals and/or organizations who are brokers for these types of documents. Investigations of the purchasers of fraudulent medical credentials are undertaken only when all of the following circumstances are present:

A. There is no adequate local remedy available where the case is being investigated/prosecuted.

B. The case involves a violation of the Mail Fraud Statute.

C. The local U.S. Attorney's office believes Inspection Service investigation and subsequent federal prosecution are appropriate.

Absent the presence of all of the above factors, any information gathered on purchasers of fraudulent medical credentials is forwarded to the appropriate state/local investigative agency for attention.

We strongly support your efforts in introducing new legislation which significantly increases the penalties for mail fraud. Passage of this legislation will not only give us the tools we need to combat fraudulent activity, it will put more teeth in the statute and this hopefully will have a significant deterrent effect on all types of fraudulent activity. I hope that this legislation will be enacted expeditiously.

In closing, we believe that a concerted and cooperative effort by all concerned agencies and organizations is necessary if we hope to make a significant impact on this fraudulent activity, which, I think we all agree, has serious ramifications on the American public.

Thank you for the opportunity to address your subcommittee today on this vital and timely subject. If there are any questions, I will be happy to answer them at this time.

Mr. RODGERS. Thank you, Mr. Swagerty.

Just a real quick question. You mentioned toward the end of your testimony, jurisdictional problems.

Is this something that Congress should look into in terms of the numbers of Federal agencies that have responsibilities in a variety of overlapping areas?

Also you complimented New York State and your ability to work with them. Are you encountering similar cooperation in other States in terms of assistance in your investigations, et cetera?

Mr. SWAGERTY. I was complimenting them. I wasn't in any way being negative with other States, but we have had a lot more dealings with them—certainly no problems.

As far as the jurisdiction is concerned, I believe that we understand where our jurisdiction lies as do the other agencies, and we work very close with them, in partnership with them, such as the FBI, and we enjoy a good relationship. I don't believe that is a problem.

Mr. RODGERS. Thank you.

Mr. Daniels, would you proceed, please. Thank you for being with us today.

STATEMENT OF ANTHONY E. DANIELS

Mr. DANIELS. Good afternoon, Mr. Chairman and members of the committee. I am pleased to present the experiences of the Federal Bureau of Investigation in addressing the sale of fraudulent academic degrees and credentials.

Several FBI investigations have indicated a nationwide market for fictitious associate, bachelors, masters, and doctoral degrees. These awards are available in well over 300 fields of concentration—ranging from accounting to zoology—and for as little as $39.95, or as much as $5,000. These are the product of degree mills and degree replacement services that operate from mail drops, forwarding services, and telephone answering agencies.

Degrees are awarded without regard to educational standards such as course attendance, classroom work, correspondence, examinations, or submission of written material. Recognition is for vague life experience, or equivalency evaluation, or résumé evaluation.

In addition to degrees, these organizations produce fictitious transcripts, verification, and accreditation agencies. Undercover FBI agents have purchased medical doctor, law, business, theology, rabbinical, and other professional degrees from these so-called schools.

Since 1981, the FBI has executed 10 search warrants in 39 schools and related businesses in South Carolina, New York, California, Oregon, Arkansas, Florida, Tennessee, and Ohio. In all, 14 individuals have been found or have pled guilty to various counts of mail fraud, wire fraud, and conspiracy. Sentences ranging from incarceration to community service have been meted out by the courts.

FBI investigations have identified more than 7,000 individuals in the United States who possess degrees from illegitimate scholastic institutions or counterfeit degrees.

We are placing each degree-holder's name and address as part of the Federal court's public record. As each case is adjudicated we notify the attorney generals of each State so that they may make inquiries of the professional licensing agencies within the State as to the qualifications of licensed individuals. We notified various inspectors general of those individuals who appear to be employed by their Federal agency and we sent representatives to various professional educational groups such as the American Association of College Registrars and Admissions Officers, and the various State departments of education, to alert them of the dangers of degree mills.

We have worked with the postal inspectors, the Internal Revenue Service, and the Department of Health, Education, and Welfare.

Mr. Chairman, that concludes my prepared statement, and with your permission I would be happy to answer any questions.

[The prepared statement of Mr. Daniels follows:]

PREPARED STATEMENT OF ANTHONY E. DANIELS, INSPECTOR-DEPUTY ASSISTANT DIRECTOR, CRIMINAL INVESTIGATIVE DIVISION, FBI

Mr. Chairman and members of the committee, I am pleased to present the experiences of the Federal Bureau of Investigation in addressing the sale of fraudulent academic degrees and credentials.

Several FBI investigations have indicated that there is a nationwide and, possibly, a world wide market for fictitious associate, bachelors, masters and doctoral degrees. These awards are available in well over 300 fields of concentration—ranging from accounting to zoology—and for as little as $39.95 or as much as $5,000. Combination bachelors and masters degrees have been issued at discount prices of $1,500. In fact, one student was able to obtain his bachelor of science degree in business administration, masters degree in business administration, bachelor of arts degree in theology and doctorate in 15 months without study, classes or tests. To complement and support such degrees, fictitious transcripts, verification and accreditation agencies have also been established.

In some instances, non-existent schools and universities have offered undercover FBI agents: To be an advisor to the accounting department, to be a member of the board of directors, to be a member of the alumni association, to be a solicitor of prospective students, to be a fund raiser, to be the proud wearer of the college ring, to be a recruiter, who obtains other students, and splits the tuition 50-50 with the school president.

There are two types of producers of fictitious credentials: diploma mills and degree replacement services. The U.S. Department of Education has defined a diploma mill "as an organization that awards degrees without requiring its students to meet educational standards for such degrees; it either receives fees from its so-called students on the basis of fraudulent misrepresentation, or it makes it possible for the recipients of its degrees to perpetrate a fraud on the public."

A degree replacement service merely copies or prints a degree from any recognized college or university and inscribes the student's name in the space provided.

Both of these schemes operate in similar fashions. They advertise in magazines and newspapers that a wide range of degrees are available at an address that is usually a post office box. The post office box is a mail forwarding or telephone answering service. The person making inquiry receives a brochure and an application describing the degrees available. No courses, no classroom work, no correspondence, no examinations and, usually, no submission of any written material are required. However if written matter is required, it is so watered down it is a sham. College credit is awarded for "life experience." The only requirement is that fees are due upon submission of the application.

In August of 1980, a con artist, one who knows how to skillfully exploit a profession and use it to create an image of respectability and credence, advised the FBI that he knew of a place where a bachelor's degree and transcript could be purchased. He introduced several undercover special agents of the FBI to the president of "Southeastern University Theological Seminary and Preparatory School," which was also know as the "Southeastern University of the Virgin Islands," or "Southeastern University and Preparatory School," of Greenville, South Carolina. None of these were accredited by any State or other authorized agency. The undercover agents purchased bachelor, masters, and doctor of philosophy in theology degrees. These degrees were back dated and were accompanied by transcripts. Telephone conversations between other undercover agents and the school president resulted in, attendance, grades and degrees being verified to "purported" employers. The president invited his new graduates to tour the school, have their picture taken alongside him and, later, became fund raisers. The new graduates could keep one third of whatever monies they brought into the "school." Supported by this information the FBI obtained and executed a search warrant. As a result of the search records were seized which revealed over 620 "graduates."

Another FBI investigation led to a man who used the fictitious name of Doctor Dieter Luelsdorf. He was not a doctor but operated the Johann Keppler School of Medicine of Zurich, Switzerland, the North American University of Ontario, Canada, and the Johann Keppler School of Medicine of Central America of Baja California-Mexico. Doctor Luelsdorf represented that these were bona fide medical schools empowered to confer various medical degrees by mail without attendance. The FBI purchased a medical doctor and doctor of philosophy degrees and a fictitious 4,000 hour transcript complete with medical courses and grades for $1,900. He also set up fictitious "medical associations" for "graduates" to lend credibility to their degrees and bolster their appearance as medical doctors and health care professionals. These fictitious associations included: the Arkansas Board of Natural Therapeutics, Batesville, Arkansas; the Board of Examiners—Homeopathic Republic of Pakistan; the World International Medical Association, Republic of Panama; the International Association of Homeopathic Physician and Surgeons, Ontario, Canada; and Nevada Association of Naturopathic Physicians, Blue Point, New York.

These schools and associations were all located in a New York apartment within a single suitcase. FBI agents executed a search warrant and seized the "doctor's" records. A review of the seized records disclosed 32 graduates who had received doctor of medicine degrees. Of those 32, one was found to have been indicted in Orange County, California, for practicing medicine without a license. he was holding cancer clinics, examining people, telling them they were predisposed to cancer, and sending or taking them to Mexico for laetril treatments.

The publicity from these and other related matters resulted in many letters, telephone calls and copies of advertisements being forwarded to the FBI, all indicating the existence of other such schools.

Investigation determined Thomas A Edison College of West Palm Beach, Florida and Benton, Arkansas had been offering degrees in almost every field and as an affiliate of "the United American Medical College" offered and sold doctor of medicine degrees. Additional bogus professional certificates alleging competence or membership in psychotherapy, psychoanalysis and other health or counseling related fields were available from the: Palm Beach Psychotherapy Training Center; Florida Psychoanalytics Institute; Palm Beach Psychotherapy Institute; Osteopathic, Naturopathic or Homeopathic Medical College; United American Medical College; and Arkansas Naturopathic or Homeopathic Training Center and 7 other entities.

Their telephonic and mailed representations indicated that these institutions were empowered to confer various degrees, diplomas, and certificates related to medical, psychological counseling and other similar fields without any attendance on the part of the prospective graduate. In addition, there were 12 sham "medical associations," "Boards," or "societies" in the health and psychological counseling fields. Graduates could purchase memberships, certificates or letters from these fictitious entities to add credibility to their diploma and support their appearance as medical doctors and other health care and psychological counseling professionals. These bogus associations included: the Maryland Homeopathic Society; International College of Physicians and Surgeons; the American Academy of Behavioral Science; and American Board of Examiners in Psychotherapy.

An undercover FBI agent purchased a doctor of medicine degree for $500 from the fictitious "United American Medical College" and was offered a fictitious transcript, scholastic achievement verification, and a tour of the facility. The school president picked the undercover agent up at the airport in a green Rolls Royce and showed him his one room office-school located within his personal church.

The "University of East Georgia" of Savannah, Georgia, Jacksonville, Florida, and Hendersonville, Tennessee, sold bachelor's, masters and doctoral degrees including medical degrees without course work or attendance. Degrees were based on an "evaluation program." For $500 and the completion of an application, we purchased a bachelor of law degree.

The "Rabbinical Academy of America" located in Brooklyn, New York, sold an undercover FBI agent a rabbinical ordination certificate for $1,400. This meant that the holder could fraudulently establish his own synagogue, and falsely use the title of rabbi.

"Pacific College" of Beverly Hills, California sold bachelors, masters and doctoral degrees based on the "right to live and experience life according to one's own convictions." No training or education was required to obtain a degree. Thus, and undercover agent purchased a masters in business management degree and a membership in the college for $350.

Some of our degree mill investigations involve "consulting" or "referral services" who are "fronts" for several fictitious schools.

"Degree consulting" or the "Professional Degree Consulting Services" of Clemson, South Carolina was the behind the scenes degree broker for: Roosevelt University, Brussels, Belgium; Metropolitan Collegiate Institute, London, England; or DePaul University, Advance Study Program, Paris, France.

The completion of a registration application, a questionnaire and the sending of $860 to obtain a "Roosevelt University" masters degree in business administration, resulted in an MBA degree and sealed transcript from the "Metropolitan Collegiate Institute" of London, England being sent to our agent.

"Consulting Specialists Incorporated", Memphis, Tennessee sold degrees entitled "Sands University," Yuma, Arizona. The University's address was merely a telephone answering service and a mail forwarding firm. We purchased a masters of business administration degree and transcript showing a fictitious "student record." To accredit Sands, "consulting specialists" used a fictitious accrediting agency set up by another diploma mill operator called the "National Association of Open Campus Colleges and Universities."

The largest of our vocational, or adult career consultants was "Vocational Guidance Incorporated." It operated three fictitious guidance service organizations which controlled 7 bogus schools and universities and 2 fraudulent accreditation services.

Personnel of "Vocational Guidance Incorporated" and its related businesses sold bogus degrees from schools named: Northwestern College of Allied Science; National College of Arts and Sciences; American Western University; and Southwestern University and others. They also operated the: "Midwestern States Accrediting Agency," "Midwest Accrediting Association" and "National Association of Open Campus Colleges and Universities." These companies employed up to ten (10) people at any given time and boasted over 7,000 graduates. They rented post office boxes in Tulsa, Oklahoma; Springfield, Missouri; Columbus, Ohio; and elsewhere. The phony schools sold bachelor's, master's and doctorate degrees for as little as $150 and as much as $2,885. The requirements for the degree were merely the submission of a portfolio showing the applicant's total academic, job and life experiences along with full payment of the required fees. No classroom attendance, no campus residence, no examinations were required. Simply a review of the materials for "equivalency evaluation" or "resume evaluation" and payment of the fee resulted in the awarding of the certificates.

Finally, the easiest scam of all is the degree replacement service.

Alumni Arts, Grants Pass, Oregon, ran advertisements in various publications whereby it offered to sell a replacement degree for $39.95 and, if the lost degree was not in stock, an additional $25 custom order fee, was charged.

Alumni Arts was in existence from December 1982, through June 1984 and had gross revenues of about $100,000.00. It operated as a small business from the 100 year old home of its sole proprietor

During the brief period of 21 months, it printed about 33,000 degrees and certificates of over 330 legitimate educational institutions throughout the United States, Canada, and England. The FBI seized 32,000 blank degrees during the execution of a search warrant and found that Alumni Arts had sold about 2,300 degrees and certificates—all without the knowledge of institutions—who were the purported issuer of the documents.

Our investigation did not uncover any evidence that Alumni Arts sold medical degrees or transcripts.

Since 1981, the FBI has executed 10 search warrants in 39 so-called schools and related businesses in South Carolina, New York, California, Oregon, Arkansas, Florida, Tennesee and Ohio. Fourteen individuals have been found or have pled guilty to various counts of mail fraud, wire fraud and conspiracy. Sentences ranging from incarceration to community service have been meted out by the courts. FBI investigations have identified more than 7,000 individuals in the United States who possess degrees from sham schools. Each degree holder's name and address is part of the public record in our Federal court filings. We have notified the attorney generals' of each State so that they may make inquiries of the professional licensing agencies within the State as to the qualifications of licensed individuals. We have notified various Federal inspectors general of those individuals who appear to be employed by their Federal agency as each case is adjudicated. We have sent representatives to alert various professional educational groups such as: "the American Association of College Registrars and Admissions Offices," and the various State department of education.

Mr. Chairman, that concludes my prepared statement and with your permission I would be happy to answer any questions.

Mr. RODGERS. Thank you, Mr. Daniels.

I think we will move on to Dr. Lewis—hear his testimony. There will be several following Dr. Lewis' testimony.

STATEMENT OF ARTHUR J. LEWIS, M.D.

Dr. LEWIS. Thank you, Mr. Rodgers.

With me today is Dr. Paul East, who is the director of the affiliated education program services of the office of academic affairs in the department of medicine and surgery.

We have previously submitted a statement to you and I would like to have that placed in the record. I would like to comment on one or two aspects of that statement, if I may, and I will do it as briefly as possible.

Mr. RODGERS. Your statement will be placed in the record in its entirety.

Dr. LEWIS. Thank you.

It is obvious from the discussion that has already taken place in this hearing that there are a number of concerns involving the credentialing of health care professionals. In addressing this concern, the VA has undertaken a number of activities I would like to bring to the committee's attention.

First, we are currently involved in a cooperative effort with the VA's office of inspector general to review the status of the licenses of VA physicians appointed under the authority of title 38, United States Code, chapter 73. The primary purpose of this review is to obtain information with regard to disciplinary actions taken against a physician by any State licensing board.

To date, identifying information on some 46,000 physicians—7,000 full time, 5,000 part time, and almost 17,000 residents, as well as 17,000 consultants and attendings—employed by the VA at some time during 1983 and/or 1984 has been matched against the files of the Federation of State Medical Boards and the American Medical Association.

VA physicians employed under title 38 are required by law and regulation to possess at least one valid, unrestricted license in a State. Thus, the first consideration in conducting this review was to determine whether any VA-employed physicians had any constraints placed against their only license which would in any way inhibit their practice of medicine and, therefore, disqualify them from eligibility for VA employment.

Of 87 physicians, most with multiple licenses, were identified as having possible license difficulties. Of those 87, approximately two-tenths of 1 percent of all VA physicians, only 43 were currently employed by the VA. Included among the 43 are 10 foreign medical graduates, 8 of whom are U.S. citizens.

The employing VA medical centers were required to ascertain the specific details of the possible difficulties and to provide a complete report to central office. Those 43 cases are being reviewed to identify the appropriate action to be taken, if any. That review is approaching its conclusion and appropriate action will be taken.

Any corrective action will be accomplished with consideration of the rights of the individuals involved. I believe that it is important to note that our own internal quality assurance records maintained in the central office have not identified patient-care problem involving any of the 43 physicians.

A second effort is the extensive revision of the physician application for employment. The new application will solicit information regarding a physician's credentials of considerably greater scope. In addition to the VA's current practice of verifying possession of a license and board certification and checking references, facilities will be required to check the information provided by the applicant including: The status of all licenses, malpractice insurance claims, the status of the Drug Enforcement Agency certificate, and clinical privileges granted by previous employers during the past 3 to 5 years.

We are also in the process of revising our credentialing policies. The chief medical director will issue a credentialing policy that ensures uniformity and even greater effort on the part of the employing medical centers to ascertain the quality of the candidate for employment, and will include a determination as to the validity of that candidate's credentials.

These current activities complement the traditional attention we have given to the validity of credentials. For example, in April 1984, we required each VA medical center to review and to report on the credentials of all of its foreign medical graduates from Caribbean and some Mexican schools who were in postgraduate training programs. Reports included the individual's certificate number assigned by the Educational Commission for Foreign Medical Graduates [the ECFMG], the Social Security number, the school of graduation, and other schools attended. That information, in turn, was checked by VA central office against a U.S. postal inspector listing of individuals suspected of having obtained fraudulent medical degrees. Only one former VA resident appeared on that list [this is the de Mesones list], and he was no longer at the VA. He had been sent to us on assignment from the affiliated medical school.

I might point out that the ECFMG certificate that he carried at that time was a legitimate certificate because the ECFMG at that point in time were unaware of the problem with the Caribbean medical schools.

All VA medical centers, as part of the review of the credentials of a foreign medical graduate, contact the ECFMG to confirm a candidate's possession of a valid certificate and to ascertain the status of any additional review the ECFMG may have undertaken.

When an applicant who is a graduate of a school with suspect records—primarily those in the Caribbean basin and certain Mexican schools—indicates that he or she received undergraduate clinical training in the United States, the training institutions are contacted for confirmation.

Additionally, the credentials of all foreign medical graduates are checked through the ECFMG. Foreign trained physicians practicing in VA medical centers are skilled practitioners, indeed, many are exceptional, and they are dedicated to the mission of the VA: To provide quality care to the Nation's veterans.

This concludes my remarks. I am prepared to answer any questions that you might have.

[The prepared statement of Dr. Lewis follows:]

PREPARED STATEMENT OF ARTHUR J. LEWIS, M.D., DEPUTY DIRECTOR FOR OPERATIONS, DEPARTMENT OF MEDICINE AND SURGERY, VETERANS' ADMINISTRATION

Chairman Pepper, Chairman Bonker and Members of the Subcommittees, I am pleased to be here today to represent the VA and to testify about the Department of Medicine and Surgery's experiences with regard to the credentials of its medical professionals. The physicians employed by the VA are among the most qualified in their fields, and must meet stringent, long-standing qualification requirements for employment. I believe we can look with pride on this workforce of approximately 31,000 physicians.

As you know, there has been increasing attention given by the public, the media, the health care professions, other government agencies, the Congress, and the Veterans Administration to assuring the competence of health care personnel. Much of the concern has centered around the validity of the various credentials that are, and should be, possessed by medical professionals as indicators of their education, training, experience, and other qualifications. In addressing this concern, the VA has undertaken a number of activities that I would like to bring to the Committees' attention.

First, the Department of Medicine and Surgery (DM&S) is currently involved in a cooperative effort with the VA's Office of the Inspector General to review the status of the licenses of VA physicians appointed under the authority of 38 USC, Chapter 73. The primary purpose of this review is to obtain information with regard to disciplinary actions taken against a physician by any state licensing board. To date, identifying information on 46,335 physicians (7008 full-time, 5139 part-time, 16,756 residents, and 17,432 consultings and attendings) employed by the VA at some time during 1983 and/or 1984 has been matched against the files of the Federation of State Medical Boards and the American Medical Association. VA physicians employed under Title 38 are required by law and regulation to possess at least one valid, unrestricted license in a State. Thus, the first consideration in conducting this review was to determine whether any VA-employed physicians have had constraints placed against their only license which would in any way inhibit their practice of medicine and therefore disqualify them from eligibility for VA employment. 87 physicians, most with multiple licenses, were identified as having possible license difficulties. Of those 87, only 43 were currently employed by the VA. Included among the 43 are 10 Foreign Medical Graduates, 8 of whom are U.S. citizens. The employing VA Medical Centers were required to ascertain the specific details of the possible difficulties and to provide a complete report to VA Central Office. The 43 cases are being reviewed to identify the appropriate action to be taken, if any. Any corrective action will be accomplished in consideration of the rights of the individuals involved. I believe it is also important to note that our internal quality assurance records maintained in the VA Central Office have not identified a patient-care problem involving any of the 43 physicians.

A second DM&S effort is the extensive revision of the physician application for employment. The new application will solicit information regarding a physician's credentials of considerably greater scope. In addition to the VA's current practice of verifying possession of a license and board certification and checking references, facilities will be required to check the information provided by the applicant including: the status of all licenses, malpractice insurance claims, the status of the Drug Enforcement Agency certificate, and clinical privileges granted by previous employers during the past 3 to 5 years.

The Department of Medicine and Surgery is also in the process of revising its credentialing policies. The Chief Medical Director will issue a credentialing policy that insures uniformity and even greater effort on the part of employing medical centers to ascertain the quality of the candidate for employment, and including a determination as to the validity of that candidate's credentials.

These current activities complement the traditional attention we have given to the validity of credentials. For example, in April 1984, we required each VA medical center to review and report the credentials of all of its FMGs from Carribean and some Mexican schools who were in postgraduate training programs. Reports included the individual's certificate number assigned by the Educational Commission for Foreign Medical Graduates (ECFMG), the social security number, school of graduation, and other schools attended. That information in turn was checked by VA Central Office against a U.S. Postal Inspector listing of individuals suspected of having obtained fraudulent medical degrees. No VA residents appeared on this list.

All VA medical centers, as part of the review of the credentials of an FMG, contact the ECFMG to confirm a candidate's possession of a valid certificate and for the status of any additional review the ECFMG may have undertaken. When an applicant who is a graduate of a school with suspect records (primarily those in the Carribean basin and certain Mexican schools) indicates that he/she received undergraduate clinical training in the United States, the training institutions are contacted for confirmation. Additionally, the credentials of all Foreign Medical Graduates are checked through the ECFMG. Foreign trained physicians practicing in VA medical centers are skilled practitioners, indeed, many are outstanding, and they are dedicated to the mission of the VA—to provide quality care to the nation's veterans.

This concludes my prepared statement. I and my colleagues will be pleased to respond to any questions that you or other members of the Committees may have.

Mr. **Rodgers**. Thank you, Dr. Lewis.

I might note from the outset here that there will be some additional questions, but again, in the interest of brevity and knowing that some of you have appointments, we just have a few questions. We will be submitting or sending a number of questions and would appreciate it if you could respond to those for the record.

Mr. Swagerty, I was wondering to what degree are elderly consumers victimized by fraudulent credentialing? I guess my point is, are they victimized more than the general population, in your opinion?

Mr. **Swagerty**. I would believe so, simply because the elderly would be much more likely to be seeking medical assistance. I think we do not have any statistics to support that but I would certainly think that would be true.

Mr. **Rodgers**. What kinds of obstacles you see do confronting the Postal Service in identifying and seeking action against the promoters and buyers of fraudulent credentials?

Mr. **Swagerty**. I am not sure what you mean by obstacles. I can tell you what our policy is as far as those types of investigations that we get involved in. We are primarily interested in the brokers. We will undertake investigations, pursue investigations, for purchasers of these fraudulent medical credentials. But usually just under a certain set of circumstances, one, that there is no adequate local remedy that is available, and the case must involve a violation of the mail fraud statute also, and also that the U.S. attorney believes that we have an actionable case.

Mr. **Rodgers**. Mr. Daniels, would the FBI benefit from some type of national computerized tracking system on the buyers and sellers of fraudulent credentials? Has there been any discussion within the Justice Department in relationship to that?

Mr. **Daniels**. Yes, sir, we have—any type, as I mentioned previously, any type of centralized computer would be beneficial. We do, however, have access to computer information through various systems we have with the FBI. As was said earlier, we work very closely with the postal inspectors on these matters and in many cases with the local authorities.

Mr. **Rodgers**. I was wondering if you could possibly comment on a similar question that I asked Mr. Swagerty. That is, what obstacles has the FBI encountered in terms of its identification and its ability to take action against the promoters and purchasers of bogus credentials?

Mr. **Daniels**. As far as the purchasers of these credentials?

Mr. **Rodgers**. Yes, and those who are selling these fraudulent credentials as well.

Mr. **Daniels**. I don't know of any problems that we have had. We have been very successful. Obviously, we prefer to bring legal action against those individuals that are selling them and our responsibility then would be to notify the various attorneys general of States in which these people reside. Based on the provisions of the Privacy Act, we can go no further than that because we must furnish this information to bona fide law enforcement agencies, as you know. We also make it a matter of court record.

Mr. **Rodgers**. I will turn the questioning back over to my colleague.

Ms. **Gardner-Cravedi**. Yes, just one brief comment and then a few quick questions.

Mr. Swagerty, I just wanted to say on behalf of Mr. Pepper, Mr. Bonker, and members of this subcommittee that we want to commend you and the fine work of the U.S. Postal Service, and especially its inspection service, for all of the good work that you have been doing over the last 8 years that we have been working with you in all areas of consumer fraud, not just related to fraudulent credentials—phony land schemes, insurance fraud, bogus business and investment opportunities, a wide range. Your record is very good with this committee, and we hope you continue your good work.

Mr. **Swagerty**. Thank you very much. We are anxious to continue working with you, too.

Ms. **Gardner-Cravedi**. Thank you very much.

Dr. Lewis, a question for you very quickly. Would you care to comment on the referrals that have been made by the Federal Bureau of Investigation to your agency—VA employees who have purchased phony degrees. Are there investigations underway? What was the result of those referrals? What action, if any, was taken?

Dr. **Lewis**. I am not aware of any that have been referred to us. As I pointed out, we had one individual who was a resident who appeared on the de Mesones list. We have recently had a list of some 13 people who were residents referred to us by the IG after another check that they did against the list of the C.J. Institute, Inc., in Brooklyn—and none of the people on that list has presented any problem. The IG has been so informed. I am not sure, you know, just who you are referring to.

Ms. **Gardner-Cravedi**. Perhaps that is a question I can raise with Mr. Daniels. During the course of our investigation, we were informed of a number of departments that had been made referrals from the FBI on people they uncovered during Operation Dipscam. Persons employed with various Federal agencies, including the Veterans' Administration, were so notified through their inspectors general office. So our question is, is what has happened to those?

Dr. **Lewis**. I am not aware of any other than the ones I have mentioned to you from the de Mesones list, as well as the list from C.J. Institute in Brooklyn.

Both of those lists, from—de Mesones and the C.J. Institute—came to us through the inspector general's office. But I am not aware, personally, of any others having been provided. If you can identify these, I would be happy to look into them and comment.

Ms. **Gardner-Cravedi**. OK. I am specifically referring to VA employees, not physicians.

Dr. **Lewis**. I don't have any of that information.

Ms. **Gardner-Cravedi**. OK. We will follow up on that.

Mr. **Adams**. Excuse me. I just spoke with the deputy inspector general yesterday, and he told us that whatever they have referred to the Department has been completely cleared. They have certain inquiries that they tell us are ongoing and they expect that the Department will react—the Department of Medicine and Surgery will react appropriately if and when further referrals from the inspector general's office occur.

Ms. **Gardner-Cravedi**. If we could just be advised as to action that is taken, that would be appropriate.

Your review, also, Dr. Lewis, was intended to verify that all physicians in the Veterans' Administration employ are indeed in possession of a license to practice.

What effort is the Veterans' Administration making to verify that those licenses are based on proper credentials and not on bogus or questionable ones?

Dr. **Lewis**. In terms of the credentials, we depend on the State licensing boards as a primary source of validating the medical school graduation of any of our staff physicians. In terms of the residents, again, we would use as our first line the verification of the ECFMG.

Ms. **Gardner-Cravedi**. Mr. Daniels, one quick question for you. There is a bit of a gray area that exists, I think, in the minds of everyone who has worked in the area of diploma mills and reviewed the various types of mills that exist in the United States today. And that gray area involves life experience. What is the dividing line between an illegal and a legal institution? Would you care to comment perhaps in providing a clear definition as to what constitutes a diploma mill versus a life experience institution or school without walls that perhaps some kind of learning experience is taking place, if you can?

Mr. **Daniels**. I will try as best as I can. My understanding is that in some States there are some institutions that are accredited for giving degrees for some life experience. In our experience in a diploma mill, we have determined that these institutions are merely selling degrees, diplomas, with basically no consideration for life experience or with very minimal consideration for it. It is a business. It is a racket, so to speak. There really is no consideration given for this at all. So, basically, if you are asking for a pure definition of a diploma mill, we are really not prepared to give you one other than the fact that our experience has shown there is no real reason for the degree other than the fact that it is being paid for.

Ms. **Gardner-Cravedi**. And that no learning, no testing takes place, and that is the standard for——

Mr. **Daniels**. It is very little, it is minimal, and it really doesn't mean anything.

Ms. **Gardner-Cravedi**. OK.

Thank you very much. I would like to thank the entire panel for Mr. Pepper's Subcommittee on Health.

Dr. **Lewis**. Mr. Rodgers, excuse me, just for the record, I might point out that Mr. Jim Adams, who is the deputy assistant general counsel, was the individual who provided you the information on the latest contact with the IG.

Mr. **Rodgers**. OK, thank you.

As is customary for all hearings, the hearing record will remain open for the next 2 weeks for any additions by members, or additions from the general public.

I would like to take the opportunity to thank Mr. Swagerty, Mr. Daniels and Dr. Lewis for their testimony today, and for their continued work. I would join with Cathy, in complimenting the Postal Service and the FBI for the tremendous work that has been done to disclose some of these bogus degrees and credentialing mills.

I would also like to thank the VA for their continued efforts—in uncovering these problems within their own system, and in moving toward enforcing penalties in this regard as well.

Thank you very much, we appreciate it.

The hearing is adjourned.

[Whereupon, at 2 p.m., the joint hearing was adjourned.]

APPENDIXES

APPENDIX 1

STATEMENT OF DAVID P. BAINE, ASSOCIATE DIRECTOR, HUMAN RESOURCES DIVISION, U.S. GENERAL ACCOUNTING OFFICE

Messrs. Chairman and Members of the Subcommittee, as you requested, we are providing our views on federal, state, and private activities pertaining to U.S. citizens who attend foreign medical schools and return to this country to practice medicine. We have addressed this issue in two reports—the first in 1980 and the second in September 1985 in response to a request from Chairman Pepper.[1] Our statement today summarizes these two reports and provides our views on proposed legislation (H.R. 3485) introduced by Chairman Pepper on October 2, 1985, to address the issues raised in our recent report.

1980 REPORT

In our 1980 report, we noted that despite significant growth in the enrollment capacity of U.S. medical schools, many who applied to these schools were not accepted because of the intense competition for a limited number of positions. As a result, substantial numbers of U.S. citizens attended foreign medical schools with the goal of practicing medicine in the United States. We also pointed out that:

The exact number of U.S. citizens studying medicine abroad was not known. However, at that time we estimated the number to be about 10,000 to 11,000.

Much concern existed about the proliferation of foreign medical schools established to attract U.S. citizens who were unable to gain admission to U.S. medical schools and the quality of medical education provided in these schools.

Because some foreign medical schools did not have access to sufficient clinical training facilities in their own countries, many U.S. students attending medical schools abroad obtained part or all of their undergraduate clinical training in U.S. hospitals through arrangements made either by themselves or by the foreign medical school. Many of the U.S. hospitals in which these students received this training were not teaching hospitals and did not offer clinical training opportunities comparable to those available to U.S. medical school students.

State licensing authorities had no way of adequately assessing the education and training provided in foreign medical schools in deciding whether the applicant was eligible to take the state medical licensing examination.

U.S. citizens who graduated from foreign medical schools and sought graduate medical education in the United States were required to take a different examination than that administered to alien graduates even though both groups of individuals may have attended the same foreign medical school. Some members of the medical profession did not feel that the examination for U.S. foreign medical graduates was adequate to measure their competency to undertake graduate medical training in the United States.

The Department of Education and the Veterans Administration had provided millions of dollars in financial assistance through guaranteed student loans and educational benefits for several thousand U.S. citizens studying medicine abroad without having adequate criteria to determine if foreign medical schools were comparable to U.S. medical schools, as required by law.

In our 1980 report, we recommended that:

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[1] *Policies on U.S. Citizens Studying Medicine Abroad Need Review and Reappraisal* (GAO/HRD-81-32, Nov. 21, 1980).

Federal, State, and Private Activities Pertaining to U.S. Graduates of Foreign Medical Schools (GAO/HRD-85-112, Sept. 27, 1985.

The Congress direct the Secretary of Health and Human Services to work with state licensing authorities to develop and implement appropriate mechanisms that would ensure that all foreign medical graduates demonstrate that their medical knowledge and skills were comparable to their U.S.-training counterparts before being allowed to enter the U.S. health care delivery system. To accomplish this objective, we suggested three alternatives: (1) accredit foreign medical schools; (2) establish a better examination to test all medical graduates—U.S.- and foreign-trained; and (3) establish an organization to accredit the readiness of foreign medical graduates to receive licensure or graduate medical education in the United States.

The Secretary of Health and Human Services address the practice under which foreign medical students received part or all of their undergraduate clinical training in U.S. hospitals.

The Secretary of Education issue regulations establishing criteria for implementing the legislative requirement that the Department ensure that foreign medical schools were comparable to U.S. medical schools before authorizing guaranteed student loans.

The Administrator of Veterans Affairs accept foreign medical schools approved by the Secretary of Education before authorizing educational benefits to qualified veterans, their spouses, and their dependents.

1985 REPORT

In our 1985 follow-up review, we (1) examined federal, state, and private organizations' activities that had addressed the concerns raised in our 1980 report and (2) identified issues needed further attention.

We reported that most of our 1980 findings were still applicable to the foreign medical graduate situation today. None of our 1980 recommendations has been implemented, and the issues that these recommendations were intended to address need further attention. In summary, we found that:

No accurate means has been advised to determine the exact number of Americans studying medicine abroad. However, indications are that the number of U.S. citizens attending foreign medical schools has increased since 1980. An Education official estimated that between 13,000 and 19,000 U.S. citizens are currently enrolled in foreign medical schools, as compared to the 10,000 to 11,000 estimate indicated in the 1980 report. An official of the Educational Commission for Foreign Medical Graduates, the organization responsible for testing and certifying all foreign medical graduates, stated that the Education official's estimate was reasonable.

Federal, state, and private organizations continue to be concerned about the adequacy of the training provided in some foreign medical schools as preparation for the practice of medicine in the United States.

California, Florida, New Jersey, and New York have taken various steps to approve foreign medical schools and/or hospital programs before allowing foreign medical students to participate in graduate clinical training in those states.

State medical licensing boards continue to have difficulty obtaining reliable information about the quality of the Education provided to some foreign medical graduates and thus are hampered in making proper licensure decisions.

California, New Jersey, and New York have conducted site visits to a number of the same foreign medical schools, but have rendered inconsistent decisions concerning approval or disapproval of these schools for the purpose of allowing their students to participate in undergraduate clinical training in these states.

The Federation of State Medical Boards formed a commission to collect and validate information from foreign medical schools and disseminate this information to state licensing boards in all 50 states, Guam, Puerto Rico, the Virgin Islands, and the District of Columbia.

A uniform examination has not been developed for graduates of both U.S. and foreign medical schools. However, the Educational Commission for Foreign Medical Graduates developed a single and more rigorous examination to better assess the proficiency of U.S. and alien foreign medical graduates seeking graduate medical education in the United States.

The American Hospital Association has undertaken a research project to determine the extent to which U.S. hospitals provide undergraduate clinical training to foreign medical students.

The Department of Education and the Veterans Administration continue to provide millions of dollars in financial assistance to thousands of U.S. citizens studying medicine abroad without having adequate criteria for evaluating foreign medical schools.

Federal, state, and private agencies continue to be concerned about the adequacy and appropriateness of the medical education provided in some foreign medical schools as preparation for practicing medicine in the United States. While these agencies have taken steps to better control the problems presented by some foreign medical graduates, a more concerted and coordinated approach is needed to deal effectively with the wide variety of issues now being addressed individually by these organizations. To help bring about such an approach, we proposed that the following alternative legislative actions be considered.

ALTERNATIVES FOR ALLEVIATING PROBLEMS PRESENTED BY FOREIGN MEDICAL GRADUATES

Alternative 1

Federal legislation could authorize the Secretary of Health and Human Services to accredit foreign medical schools. States could then use the Secretary's accreditation determinations in considering licensure applications from foreign medical school graduates. Private-sector organizations could also use the determinations in considering applications from foreign medical school graduates for graduate medical education in the United States. To help achieve the necessary coordination and cooperation of the private sector, the Secretary should arrange to use the services of a private organization, such as the Liaison Committee on Medical Education (the accrediting body for U.S. medical schools), in developing and implementing the Secretary's program. The Secretary, in turn, should accept the decisions of those foreign accrediting bodies which the Secretary approves. Medical schools that are located in countries not having an accrediting body acceptable to the Secretary and that would like some of their graduates to be able to practice medicine in the United States, could have the option of seeking the establishment of an accrediting body in their country or contracting with an already approved accrediting body in the United States or elsewhere to assure that the schools in question are properly accredited.

The advantages of this alternative are that it could diminish the current concern over the adequacy and appropriateness of the training provided by foreign medical schools, reduce the amount of verification of applicants' credentials required and thus conserve state and private resources now devoted to this effort, eliminate the need for the Department of Education and the Veterans Administration to develop criteria for assuring the comparability of education between foreign medical schools and U.S. institutions, and discourage U.S. citizens from attending unaccredited foreign medical schools if they plan to practice medicine in the United States.

A principal disadvantage of this alternative is that it would require the Secretary to endorse the accrediting bodies of other countries.

Alternative 2

Federal legislation could authorize the Secretary of Health and Human Services to review the credentials of foreign medical school graduates. States could then use the results of the Secretary's credentials reviews in considering licensure applications from foreign medical school graduates. Similarly, private organizations could use these results in considering foreign medical school applicants for entry into U.S. graduate medical education programs.

In developing and implementing the program, the Secretary should arrange to use the services of a national private-sector organization, such as the Educational Commission for Foreign Medical Graduates, which currently administers an examination for foreign medical graduates. Such an organization could review and verify the individual's credentials in accordance with standards established by the Secretary in cooperation with the organization. The organization could also make site visits to foreign medical schools, if necessary, to determine the adequacy of their educational programs. The results of the credentials reviews would be transmitted to those medical licensing boards or hospital training directors designated by the applicant, to be used in their decision-making process.

The advantages of this alternative are that it would give state licensing authorities and hospital training directors the best information available on which to base their decisions for licensure or graduate medical education and reduce the volume of work required by the states, eliminate duplication of work by different states, and eliminate the need for various states to make site visits to the same foreign medical schools.

State licensing boards would, of course, not be prohibited from obtaining additional information under either alternative.

We did not attempt to determine the federal government's costs to implement and carry out the functions under the proposed alternatives. However, we believe that the costs to carry out the functions of alternative 1 should be substantially less than those of alternative 2 and should decrease after the Secretary has initially approved foreign accrediting bodies.

Representatives of federal, state, and private organizations who attended a conference we sponsored on issues relating to U.S. graduates of foreign medical schools agreed that the alternatives would alleviate many of the problems being encountered in the licensing and credentialing of foreign medical school graduates. They generally favored the first alternative, which deals with the accreditation of foreign medical schools, over the second, which deals with reviews of credentials of individual graduates.

At a second GAO-sponsored conference, representatives of medical schools located in the Caribbean and Mexico and U.S. advocate groups for foreign medical graduates reached no consensus on either alternative. They believed that a requirement for foreign medical school graduates to take the same examination as graduates of U.S. medical schools should reduce existing inequities between foreign medical school graduates and graduates of U.S. schools.

As we finalized our report, we discussed refined versions of both alternatives with representatives of the Department of State, the National Institutes of Health, the Liaison Committee on Medical Education, the Educational Commission for Foreign Medical Graduates, the American Medical Association, and the Federation of State Medical Boards of the United States. They agreed with our alternatives. The Department of Health and Human Services representatives would not render an opinion without seeing the specific wording of the alternatives.

LEGISLATION INTRODUCED TO ACCREDIT FOREIGN MEDICAL SCHOOLS

On October 2, 1985, Chairman Pepper introduced legislation (H.R. 3485) which would authorize the Secretary of Health and Human Services to provide for a system of accreditation for foreign medical schools, as suggested in alternative 1 discussed above. Also under one provision of the proposed legislation, no payments under any federal programs, including Medicare and Medicaid, could be made for services provided, ordered, or supervised by graduates of unaccredited foreign medical schools.

In our opinion, enacting legislation such as this would provide the framework needed to help alleviate the problems associated with graduates of unaccredited foreign medical schools that we identified in our two reviews. We believe, however, that it will be extremely difficult for accreditation procedures for foreign medical schools to be finalized and implemented by May 1, 1987, the implementation date stipulated in the proposed legislation.

PREPARED STATEMENT OF JOHN F. BEARY, III, M.D., ASSOCIATE DEAN, GEORGETOWN UNIVERSITY SCHOOL OF MEDICINE, WASHINGTON, DC

BOGUS PHYSICIANS: THE NEED FOR A NATIONAL CLEARINGHOUSE

Mister Chairman, I have a file in my desk right now with particulars on a man who I am 99% sure is a bogus physician. Yet I have no place to send it.

I first encountered him a few years ago when he was applying for a position. My intuition was that he was a phony but I did not pursue it further. About three years later, I learned he was applying for yet another medical position. This time I wrote away to the foreign medical school where he claimed to have received his degree. The registrar had never heard of him.

I then explored options as to what I could do:

(1) I could not call the local police, because I could not document that he had actually examined a patient. Likewise I had no direct knowledge that he had written a prescription.

(2) I called authorities around the country to see if there were a credentials clearinghouse for bogus doctors. There is such a clearinghouse for real doctors but not for fakes.

The D.C. Medical Society introduced a resolution at the June 1985 AMA meeting, and the AMA is exploring ways to solve this problem (see appendix 1, MSDC News, May 1985, page 1).

In summary, there is at present no systematic way to deal with a bogus doctor who is suspected of being a fake prior to his ministering to patients. Until we solve this problem, patients will remain at risk from an occasional fake surgeon, bogus family physician, or sham psychiatrist.

Two major actions are needed:

1. Setting up a centralized, computerized National Clearinghouse for bogus physicians. This will at least force them to change their names and addresses and to undergo inconveniences of time and expense in forging new credentials.

2. A "good Samaritan" law which provides legal protection to a person who reports a suspected bogus physician in good faith.

I hope your Committee can help in bringing the above to pass. I would be relieved to get the file of the fake doctor out of my drawer and into the hands of proper authorities empowered to protect patients and render justice.

[From the MSDC News, May 1985]

MSDC DELEGATES TO INTRODUCE RESOLUTION ON BOGUS PHYSICIANS

The D.C. Delegation to the AMA will introduce a resolution from the Medical Society of the District of Columbia on bogus physicians to the House of Delegates at its annual meeting in June. The resolution was originally submitted to the Executive Board by Society member John Beary, Ill, M.D., of Georgetown University. The proposed resolution reads:

Whereas, bogus physicians are a threat to patient care and cause criticism of the credentialing process,

Whereas, no central computerized list of bogus physicians exists which can be shared by all states,

Therefore be it resolved, that the AMA should set up a mechanism whereby bogus physicians could be reported to the Federation of State Medical Boards and the information so reported shared via the AMA computer system.

Be it further resolved, that the AMA promote model "good Samaritan" laws which provide legal protection to the person who reports a suspected bogus physician in good faith.

Bogus physicians are a growing problem for both the medical community and the general public. On a recent "60 Minutes" feature entitled "Doctor by Degree," broadcast March 31, Diane Sawyer reported that "in the last two weeks, more than 20 people have been arrested here and abroad, charged with being phony doctors—people who pretend to have been to medical school and have a degree." And while awarenesse of the problem is growing as well, action needs to be taken to deal with these potentially dangerous imposters. According to Dr. Beary, "a bogus physician in the District applied for a position twice, and was caught, both times by the same doctor. We need an organized, centralized system for reporting bogus physicians. We also need appropriate legal protection, good Samaritan clauses, to encourage those who find bogus physicians to report them." It the resolution is passed in June, the AMA would begin a program in earnest to address the problem.

Recently, a resident claiming to have graduated from a Cuban medical school applied for membership in the Medical Society. Membership Secretary Patricia Mitton routinely checks the background information on all applications before they are submitted on the Board of Credentials. According to Ms. Mitton, "there are a number of checks I do in preparing applications for the Board of Credentials. If there is a problem with one of the checks, it is usually due to a confusion of some kind—it's normal. If there are three or four problems, a little flag goes up in my mind." Ms. Mitton's suspicions were verified by a physician.

The MSDC resolution will be acted upon by the House of Delegates when they meet in Chicago June 16 through the 20.

STATEMENT OF JOHN C. RAHIYA, VICE PRESIDENT, EQUIFAX SERVICES INC., CONCERNING RESUME FRAUD

Mr. Chairman, and Members of the Subcommittees, I am John Rahiya, Vice President of Equifax Services Inc. My responsibilities include supervision of our Security and Resource Management ("S&RM") Product Group, which provides background investigation services for employment purposes. I am pleased to respond to your request that we share some of Equifax Services' experiences with, and perspectives on, resume or application falsification in the private sector.

Equifax, as you may know, is a leading nationwide source of information for consumer business transactions. Our Companies provide many types of information services, including credit reports and insurance underwriting and claims reports as well as the reports for employment purposes, which are of particular interest to your Subcommittees.

Equifax commends you for bringing attention to this critically important issue. We believe there is a significant and increasing amount of credential falsification and outright fraud by applicants for employment for virtually all types of jobs. Relatively little investigation is usually required to discover such discrepancies or dishonesty. More businesses are beginning to recognize the scope of the problem and to take preventive steps by routinely making systematic outside inquiries to verify employment applicants' statements. Businesses which fail to make such routine inquiries may discover too late that they are relying on false or misleading information when employment decisions are being made.

When applicants who deliberately misrepresent employment experience, skills, abilities and educational background secure responsible jobs for which they are unqualified, they have the potential to cause severe damage to the legitimate interests of customers, investors, fellow employees and the public at large. Taking reasonable steps to detect such misrepresentations is a prudent, responsible business practice.

EQUIFAX CUSTOMERS

Equifax Services has been conducting background investigations for employment purposes for over eighty years. Life insurance companies were requesting us to report on prospective medical examiners and agents as early as 1902. Today, we complete over 100,000 employment reports per year for approximately 9,000 customers.

A large percentage of these reports are prepared for Fortune 500 companies, but we serve almost all types and sizes of employers having a demonstrable, ongoing need for a pre-employment screening service. Our customers range throughout the business community and include airlines, high-technology companies, financial institutions, securities firms, transportation companies, utilities, insurers and other private businesses. Their primary reasons for using our services are: (1) enhancing the value of their products and services by ensuring that they in fact employ the most qualified applicants; (2) controlling employee dishonesty, theft, or violation of trust or confidentiality; and (3) avoiding employer liability due to acts of unqualified employees, employees not suited to a particular position or employees hindered by habitual substance abuse.

In light of the hearings held last December by the Subcommittee on Health and Long Term Care, it may be of particular interest to Members to know that we have small accounts with two medical service corporations to screen medical professionals. One account uses us to verify degrees, fields of specialization and internships of physicians and nurses, as well as 5-year employment history. The second firm recently has employed us to provide background information on in-home nurses, and has similar verification requirements.

I also should note that our customers include some businesses that are legally required to investigate prospective employees. We serve trucking firms, which are required by DOT regulations to investigate the driving records and characters of interstate drivers. We also serve nuclear utilities and contractors, which follow proposed NRC regulations to screen employees who have unescorted access to certain sensitive areas of nuclear sites. Screening also may be required for licensing of professionals, such as insurance agents, in some states. There are, however, surprisingly few such laws or regulations requiring background checks in connection with private sector employment.

EQUIFAX BACKGROUND VERIFICATION PROCEDURES

As I will explain subsequently, our S&RM reports are "consumer reports" and as such are regulated by the federal Fair Credit Reporting Act ("FCRA") and a number of similar state statutes. Before entering into an agreement to serve a new customer, we first must verify the company's identity, legitimacy and need for information to evaluate individuals for employment. Prospective customers must certify the purposes for which information is sought, and further certify that the information we provide will be used for no other purpose.

Our customers play a large role in designing the report services they purchase, based upon their individual decisions about how thorough a background verification is needed—given the sensitivity of the position, the potential for an unqualified employee to cause harm, and other factors relating to the particular applicant or position. Reports range in price from about $25.00 to several hundred dollars, with the average cost approximating $70.00.

Equifax Services employment reports are prepared by verifying and collecting information from numerous public and private sources. Typically, we contact sources listed by the applicant on an application or resume, or who are logically in a position to have accurate knowledge of one or more relevant aspects of an applicant's background. These are primarily previous employers, but can also include schools and personal references. Public records, which may include criminal court records, motor vehicle records, litigation records, or bankruptcy records, also may be checked. Public record information is rechecked for its current status whenever it is reported, and no public record older than seven years is ever reported.

From prior employers we attempt to verify exact dates of employment (since unexplained gaps in employment may suggest unadmitted terms of employment or other problems), reason for termination and whether it was voluntary or involuntary, salary, performance on the job, duties and responsibilities, reliability and eligibility for reemployment.

Personal references are generally able to provide information on an applicant's interests, personality, reliability and other factors which may be of particular importance for certain kinds of employment such as sales or managerial positions involving greater responsibilities.

Schools will generally verify attendance and graduation dates, but when we are asked to obtain more specific information, such as grade point average, we must arrange for our customers to supply us with an authorization from the applicant for the release of that information. The Family Educational Rights and Privacy Act of 1974 (the so-called Buckley Amendment) imposes confidentiality requirements on educational records. While such confidentiality provisions may be necessary, the additional steps required to gain access may discourage some employers from verifying educational credentials.

I also might point out tht Equifax Services' employees, who deal with confidential information every day, are themselves employed only after a background investigation has been conducted. After being employed, they are carefully trained both in information gathering techniques and in confidentiality standards and procedures.

GENERAL OBSERVATIONS

Equifax's extensive experience in conducting many different types of background investigations for a wide range of employers leads us to conclude that:

In the majority of instances, our reports provide independent confirmation that an applicant has represented his or her qualifications accurately, allowing employment decisions to be made fairly, quickly and confidently by both parties.

Nevertheless, in a significant number of cases, we discover discrepancies in the information provided by the applicant—conflicting facts that apparently range from minor errors to outright fraudulent misrepresentation of the applicant's qualifications. Often, striking differences exist between the picture painted on a resume or application and the picture of a prospective employee that emerges in our report.

Such misrepresentation is not confined to or concentrated in any one occupation or profession, or to any area of the country, type or size of business.

Many businesses still do not conduct adequate background investigations of job applicants—they apparently fail to realize the need to verify applicant's statements or that this generally can be accomplished with relative ease, unobtrusively, inexpensively and without infringing on the applicant's rights.

Businesses which fail to undertake adequate investigations when making employment decisions not only risk hiring unqualified personnel, but they unnecessarily increase their potential liabilities due to the losses that may occur through employee dishonesty, incompetence, industrial espionage, drug or alcohol abuse in the workplace and employer tort liability for negligent hiring.

Our extensive experience makes us quite confident that the preceding general observations are accurate. As I stated earlier, detection of job applicant misrepresentations is a prudent, responsible business practice.

I want to make it clear that Equifax Services does not maintain, and in fact has no reason to keep comprehensive statistics on our findings or how they are utilized by our customers. Members should understand that background investigations are only one of several tools used in the employment process. Typically, an Equifax Services report is one of the last steps in the hiring process—when a prospect has become an active candidate, or perhaps has been placed on the job provisionally. Prudent employers base hiring decisions on a number of different factors, including, for example, information obtained from an application or resume, from one or more personal interviews with the applicant, and from background verification. Even when our reports determine there are discrepancies in the information provided by an applicant, it is for the employer to decide whether this will disqualify a particular individual for a particular job. We have no way of knowing the results of these employer decisions.

However, what we can provide you with are the results of several interesting studies made to give some of our individual customers statistics on their own applicant pool. These studies illustrate the types of discrepancies that frequently are uncovered in particular situations.

EXAMPLES OF EQUIFAX SERVICES' FINDINGS

A. A study of 553 reports completed for a *Fortune* 500 company on applicants for sales, installation and customer service positions developed 92 discrepancies in employement dates. One former employer given by an applicant could not be identified. In three instances, the listed employer was contacted but had no record of employing the applicant. There were 16 criminal convictions and 108 speeding convictions developed, as well as 10 DWIs and one open alcoholic beverage bottle while driving. This information is of particular interest since the positions applied for involved driving company vehicles and entering customers' homes.

In this same study, we found 45 instances where very positive comments about the applicant were received from former employers. This type of affirmative information is another important benefit available through systematic background verifications.

B. In another striking study completed on reports submitted to another of the Fortune 500 companies, 111 discrepancies were developed in 60 of the 100 reports reviewed. These discrepancies, on applicants for sales, administrative and management positions, included 25 where employment dates varied by more than 3 months from those given by the applicant, 10 instances where the listed employer had no record of the applicant and 5 where the listed employer could not be identified. Job titles varied from those given 9 times, duties varied once, and earnings varied 12 times.

As to educational qualifications claimed, dates of school attendance varied from the application or resume 6 times, the listed school had no record of the applicant's attendance 10 times, and the applicant did not graduate as claimed 3 times. Two listed schools could not be identified.

C. A spot check of 60 reports completed for a large securities dealer developed one listed former employer who could not identify the applicant and one instance where the applicant had not graduated from a given school as claimed. One applicant had served a year in jail for sale of a controlled substance.

D. In a study of 32 reports completed in early 1985 for a transportation company, we found 5 former employers which could not be identified and 36 conflicts in employment dates. Motor Vehicle Records showed 24 convictions, including 15 for speeding. There were also 5 instances noted of extremely positive comments from former employers.

E. Another study of 476 reports completed in 1985 on prospective employees of a communications firm developed 14 instances of unreported criminal records and 156 instances of driving convictions, including 14 alcohol-related offenses. There were 55 discrepancies in employment dates, 3 listed former employers which could not be confirmed to exist, and two listed former employers who reported no record of the applicant's former employment.

Such studies show that a wide range of informational errors and discrepancies, many of which are quite significant, can be found when checking the representations made by applicants for employment. This suggests that misrepresentation on employment applications and resumes is a serious problem in our society.

EMPLOYMENT BACKGROUND VERIFICATION IS A NECESSARY AND PROPER BUSINESS PRACTICE

We believe we sense a growing awareness by American businesses of the problems that can result from failure to verify applicants' backgrounds, and of the need to routinely confirm data given on employment applications. Businesses and applicants alike are realizing that systematic use of pre-employment checks through an independent, disinterested third party professional such as a consumer reporting agency is one of the fairest and most useful employment selection methods available today. It simply makes good business sense to be certain that employees' credentials are valid.

While more firms are seeking to verify employment data, perhaps some businesses still fail to appreciate that verifying the qualifications and experiences of a prospective employee is a prudent, responsible, efficient and fair means of managing this problem. In addition, perhaps some employers still have the mistaken impression that there is something morally wrong—or even illegal—about validating the information that a prospective employee has provided. Some employers may believe that the "privacy" concerns of the mid-1970's resulted in a legal prohibition on verifying a prospective employee's credentials. This is simply not the case.

Congress has certainly recognized that is is appropriate to conduct background checks in the private sector as well as for many federal positions. For example, the 98th Congress passed legislation to encourage states to require background investigations, including criminal history checks, of certain employees of day-care centers to help address the problem of child molestation.

Employers have many legal responsibilities—to customers, shareholders and employees. Product quality can suffer greatly through ineptness, reduced capacities due to substance abuse, or chronically poor work habits or attendance. Safety of all employees in the workplace can be jeopardized by a single employee who habitually abuses drugs or has a history of violence or carelessness, or who claims to be trained or experienced in handling situations when he or she is not. The real economic costs of inefficiency, lack of professional education or training, carelessness, poor attitude or dishonesty can cut deeply into the financial well-being of a company. Some estimates place employee dishonesty alone as the primary cause of as many as 30% of business failures.

Certain employees are in a position to abuse an employer's trust, to steal money or goods or technology, or to use their position to engage in criminal activity such as credit fraud or computer crime. Other employees who work with minimal supervision, away from an office or plant—especially in sales or service jobs—may literally "be" the employer in the eyes of customers and the public. Some jobs require specific skills, training and experience. Other positions require unrestricted use of mental or physical capacities, undiminished by substance abuse, in order to provide safety for co-workers and quality in product specifications.

Still other employees may be in a position to expose their employer to damaging publicity or legal liability through outrageous or criminal acts committed while apparently acting in the capacity of an employee. Employers can be held liable because negligent hiring or retaining of an employee whose action or inaction leads to an injury can be presumed to be the direct cause of the injury suffered. This may be true even when the employee is acting outside the scope of employment. An example of such liability for negligent hiring is an $800,000 award to a female airport employee who, after finishing a late night shift, was sexually assaulted by a male co-worker. Only a cursory check had been made of the man's background. Obvious time gaps, inconsistencies and omissions on the application had not been resolved. The employer was not aware of a former prison term for robbery and assault, nor that the man was facing a pending rape charge involving a fellow employee at his previous place of work.

I might reemphasize that all Equifax employees are subject to background investigations. We certainly have found that Equifax is not immune to the problem of resume fraud. For example, an applicant for a product manager's job claimed credentials including an MBA degree, past employment as a sales manager, and service as chairman of a corporate budget committee. Background investigation revealed that the MBA was actually a three-week supervisory training course put on by the Post Office, that his "sales management" involved not managing salemen but "managing" his assigned individual accounts and that although he had served on a budget committee, he had not been chairman. In another case, an Equifax applicant's MBA turned out to be a Masters degree in Music! In both instances, verification of credentials claimed saved Equifax from a potentially costly employment mistake.

Thus far, my testimony has focused on the problems of the employer—and that is appropriate for purposes of these hearings. Yet, what of the legitimate needs, interests and rights of the prospective employee? How are applicants protected from erroneous information, perhaps honest mistakes or harmless embellishments which might lead to inaccurate reports and unfair employment decisions?

Federal law has long provided specific protections with respect to consumer reporting agencies making background investigations which may affect a person's employment. Consumer reporting agencies such as Equifax Services are required by the Fair Credit Reporting Act to "adopt reasonable procedures for meeting the needs of commerce, for . . . information in a manner which is fair and equitable to the consumer, with regard to the confidentiality, accuracy, relevancy and proper utilization of such information . . . ." When background investigations are completed by consumer reporting agencies, prospective employees are given very specific protections in the area of collection, maintenance and dissemination of personal information, including the following:

A reporting agency may only issue a report on an individual in connection with a legitimate business transaction involving that individual, such as consideration for employment. Reports are confidential and may not be disclosed to persons who do not have a legitimate right to such information.

Strict procedures must be maintained to insure that, when public record information is likely to have an adverse effect on employment, it is complete and up-to-date at the time the report is made. This includes public records relating to arrests, indictments, convictions, suits, tax liens and outstanding judgments.

If an individual should actually be denied employment, either wholly or partially because of information supplied by a consumer reporting agency, he or she must be notified of that fact by the prospective employer, and supplied with the name and address of the reporting agency.

Upon request to the agency, an individual has the right to disclosure of all information in the reporting agency's files. Such information may be obtained in person or by telephone.

A reporting agency must reinvestigate the completeness or accuracy of any information in the files that is disputed by the individual.

Any disputed information which cannot currently be reconfirmed by the reporting agency must be deleted from its files, and at the individual's request, a corrected report must be sent to those who have received the deleted information within the prior two years.

Every individual has the right to make a written statement concerning disputed information which has been reconfirmed, and that statement must be included in all future reports which contain the reconfirmed information.

Thus, as a result of these provisions and others, when background investigations are obtained from a consumer reporting agency such as Equifax Services, applicants and employees are assured that the reports will comply with accepted fair information practice standards and that appropriate confidentiality will be maintained.

In conclusion, I hope that this statement has helped establish that there are a significant number cases in all types of businesses where applicants' qualifications turn out to be quite different than those listed on a resume or application. More businesses are systematically verifying applicants' credentials as a routine part of the employment process. Background reports by consumer reporting agencies such as Equifax Services can often readily determine such discrepancies. Systematic use of such reports provides a fair, valuable and legitimate employment screening tool that helps protect not only employers, but also countless other parties who may be affected by the potential employee's actions.

If Members or Staff have any questions, or require further information, please contact us, and we will be happy to respond.

ADDITIONAL REMARKS OF HON. JOHN PAUL HAMMERSCHMIDT

Mr. Chairman, in your opening statement you said that in the State of Arkansas, "they require licenses for bug exterminators but have no similar requirement for opticians." I would like to take this opportunity to correct the record.

I have contacted both the Arkansas State Board of Optometry and the Arkansas State Plant Board regarding their licensing procuedures. You were correct in regard to the licensure of exterminators in Arkansas. Everyone who distributes pesticides or exterminates pests in homes is required to be licensed. However, according to the Secretary of the Arkansas State Board of Optometry, opticians who are under the direct supervision of a licensed optometrist or licensed opthalmologist do not require separate licensure. Opticians who are self-employed are required to be licensed by the State of Arkansas. In fact, opticians have been licensed in Arkansas since 1981. As I understand it, Arkansas is one of the most progressive States in this regard. Approximately thirty States do not require opticians to be licensed.

APPENDIX 2

FRAUDULENT CREDENTIALS

A
JOINT REPORT
By The
CHAIRMEN
Of The
SUBCOMMITTEE ON HEALTH AND LONG-TERM CARE
And The
SUBCOMMITTEE ON HOUSING AND CONSUMER INTERESTS
Of The
SELECT COMMITTEE ON AGING
U.S. HOUSE OF REPRESENTATIVES
NINETY-NINTH CONGRESS
First Session

December 11, 1985

GLOSSARY

accreditation - the process whereby an agency or association grants public recognition to a school, institute, college, university, or specialized program of study which meets certain established qualifications and educational standards, as determined through initial and periodic evaluations. The essential purpose of the accreditation process is to provide a professional judgment as to the quality of the educational institution or program(s) offered, and to encourage continual improvement thereof. The Subcommittee found that this process can be perverted by those operators who simply establish their own accreditation organization, for the purpose of accrediting their own "universities."

adverse accrediting action - denial of accreditation or preaccreditation status orthe withdrawal of accredititaion or preaccreditation status;*

agency or association - a corporation, association or other legal entity or unit thereof which has the principal responsibility for carrying out the accrediting function;*

AMCAS - American Medical College Admissions Service.

brokered credentials - fraudulent credentials secured through use of an individual who, for a fee, brings those seeking credentials together with institutions or other parties in possession of the desired credential.

certification - the process by which a governmental or nongovernmental agency or association grants authority to use a specified title to an individual who has met predetermined qualifications.

COPA - Council on Postsecondary Accreditation. COPA is a nongovernmental organization intended to foster and facilitate the role of accrediting agencies in promoting and ensuring the quality and diversity of American postsecondary education.

credentials - testimonials showing that a person is entitled to credit or has a right to exercise official power in terms of degrees, licensing, etc.

diploma mill - An institution that sells a diploma or degree to a person upon payment of a fee and does not require demonstration of the achievement of college-level training. Such diplomas may carry the name of the diploma mill itself or they may be duplicates of diplomas issued by legitimate colleges and universities.

DIPSCAM - FBI investigation into diploma mill operations.

ECFMG - Education Commission for Foreign Medical Graduates. Has in the past administered examination for foreign graduates. Newer and more rigorous exam is the Foreign Medical Graduate Examination in the Medical Sciences.

FLEX - Federation Licensing Exam. An objective, multiple-choice examination used as a State board examination for medical doctors. FLEX is a two-day exam treating basic and clinical sciences.

institutional accreditation - applies to the total institution and signifies that the institution as a whole is achieving its educational objectives satisfactorily.*

life experience school - A type of diploma mill that will grant a degree while posing requirements that are far less demanding than those ordinarily specified under degree-granting programs at those colleges and universities sanctioned by a recognized accrediting agency.

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* (U.S.C. 1141(a))
(§603.s Definitions)
(U.S. DEPARTMENT OF EDUCATION)

PREFACE

In 1978, the House Select Committee on Aging and its Subcommittee on Health and Long-Term Care called its first hearing relating to frauds against the elderly, "Abuses in the Sale of Supplemental Insurance to the Elderly." This landmark hearing and the report of the same title revealed the devastating degree to which older Americans are preyed upon by unscrupulous con men who capitalize on the fears and vulnerabilities associated with old age. In this instance, we found that, owing partly to fear that Medicare, the Federal insurance program for the elderly and disabled, or private insurance would not be sufficient to cover costs attributable to longer spells of illness, millions of our nation's 25 million older Americans were buying unnecessary and duplicitous insurance. They assumed that if one policy was good, then certainly having three or four or more was better. Salesmen alert to these fears were happy to accommodate. These hearings led to much needed reform in the sale of "medigap" insurance (to supplement Medicare): the introduction and enactment of a voluntary certification program in 1980 wherein insurance companies could have their medigap policies reviewed by the Department of Health and Human Services and receive what in effect would be a "Good Housekeeping Seal of Approval," indicating their policies met certain minimal standards of acceptance. In addition, certain abusive sales techniques were deemed illegal, including the use of the "government look" in forms and advertising connected with the sale of insurance, and "overloading," the practice by which insurance salesmen attempt to sell one or more policies beyond what a person needs or can afford.

Sadly, this hearing demonstrated the susceptibility of older Americans to fraud in today's marketplace. Nearly 40% of older Americans were found to possess bogus or worthless insurance. At a time in life when security against the ravages of catastrophic illness is so important physically and emotionally, it was disturbing for the Subcommittee to learn that an elderly person's search was so frequently futile.

It was this 1978 inquiry into insurance fraud that led the Committee and its Subcommittee on Health and Long-Term Care to commence its investigation into other frauds commonly perpetrated against older Americans, including pension fraud, home repair fraud, bogus business and investment opportunities, hearing aid abuses, and medical quackery. In all, the Committee and its Subcommittee have convened dozens of hearings on fraud in Washington, DC and around the country over the past seven years. We found that the elderly are increasingly targets of frauds promoted primarily through the mails — about 30% of such fraud victims are over the age of 65.

Most shocking, however, was the Subcommittee's finding regarding the degree to which older Americans are the target of medical fraud schemes. A May 1984 hearing by the Subcommittee revealed that, although older Americans comprised about 11% of the nation's population, they account for about 60% of the victims of medical fraud, which costs the nation about $10 billion annually. Spurred by this finding, the Subcommittee chose to take a closer look at what it considered the most grievous form of health fraud encountered by Americans — the provision of medical care by unlicensed and unqualified people posing as doctors.

In December 1984, the Subcommittee held a hearing entitled "Fraudulent Medical Credentials." We found that for many years the U.S. has allowed U.S. citizens to practice with "doctored" credentials, primarily from a small number of foreign medical schools and to receive medical licenses without displaying the same level of medical knowledge and clinical competence as graduates of U.S. medical schools. We also discovered that most State and Federal agencies had relatively lax systems for checking the credentials of graduates of unaccredited medical schools.

The Subcommittee found that upward of 10,000 so-called doctors now in hospitals and private practice have obtained fraudulent or highly questionable medical credentials. In other words, Americans were then and continue to be receiving medical treatment from doctors who either stole or paid for their degrees, or stole or paid for a copy of an exam which had to be passed before they could practice medicine. Testimony at the hearing confirmed that in July 1983, 3,000 to 4,000 of the 17,000 students who took the test for foreign medical graduates saw the answers in advance. To gain a better understanding of how one goes about obtaining phony medical credentials, the Subcommittee heard testimony from a Virginia man who is serving a three-year sentence in Federal prison for providing fraudulent medical credentials to 166 people from October 1980 to August 1983. Thirteen of those clients obtained their medical licenses and six were found to be working in medical residency programs. Mr. de Mesones made $1.5 million before he was caught by the U.S. Postal Inspection Service.

We also heard from a representative of a patient cared a phoney doctor who assumed the medical credentials of another doctor and rose to the rank of chief medical officer in the military. He was later employed by numerous reputable medical hospitals and the National Institute on Aging. His career came to an end in 1983 when his incompetence resulted in the permanent brain damage of one of his patients.

In connection with this hearing, the Subcommittee surveyed all the State medical examiners in an effort to determine what the States' experience had been with regard to phony doctors. Virtually every State acknowledged the seriousness of this problem. Half the States indicated they had had experience with phony doctors practicing within their boundaries. Fifteen States had already initiated investigations.

The obvious question stimulated by the hearing was, if the quality of education in these few foreign medical schools is so bad and the requirements of training, testing and financial assistance can be circumvented, why do they continue to operate? The answer is simply a matter of supply and demand. Only about one half of applicants to American medical schools are accepted. That is, we don't have enough room in our medical colleges in the country to accommodate the number of interested students. With only about half of the applicants accepted, we find ourselves with about 15,000 more Americans who want to become doctors than can find a place in American medical schools. For some foreign medical schools, the motivation to set up medical schools is equally clear: it is good business. For example, Americans spent between $40 million and $50 million in 1983 in Santa Domingo, Dominican Republic, on tuition and living expenses.

Following the hearing, the Subcommittee on Health and Long-Term Care called upon the General Accounting Office to conduct a study to determine, among other things, what the role of the Federal government might be in curbing the proliferation of ill-trained or fraudulent medical practitioners. In October 1985, the GAO filed its report with the Subcommittee. It stated, in essence, that the problem of inadequate training of Americans studying medicine abroad is growing in magnitude and that government action is needed to deal with it. Further, the GAO recommended that a more coordinated approach be taken to address the wide variety of foreign medical graduate issues and suggested that legislation be considered which would authorize the Secretary of Health and Human Services to approve accreditation standards of foreign medical school accrediting bodies. Such legislation has been introduced by Congressman Pepper and is currently pending consideration in the Congress.

The December 1984 hearing, "Fraudulent Medical Credentials," led to the subject of today's hearing. Following that session, the Subcommittee was inundated with testimonials of abuse at the hands of unlicensed, ill-credentialed practitioners ranging from those claiming expertise in health care to literally every imaginable profession which would touch upon the needs sought to be fulfilled by an aging consumer. The Subcommittee on Health and Long-Term Care called upon the Aging Committee's Subcommittee on Housing and Consumer Interests to commence what would be a year-long investigation into fraudulent credentials in an attempt to provide some definition to the extent and nature of fraudulent credentialing in the U.S. today and to determine the degree to which older Americans fall prey to the practices of ill-equipped fraudulent professionals in today's marketplace.

The picture painted in this report is not so bleak when compared to the majority of those that do legitimately seek and secure credentials to perform the occupation they profess to possess. It is for those that have pursued their profession in an honorable fashion that the Subcommittees hope to honor in this disclosure of wrongdoing on the part of those who taint their credentials.

This report would not have been possible without the assistance of numerous individuals — actually too many to acknowledge individually within our limited space. We would like to acknowledge the oversight responsibilities rendered by the Subcommittee Staff Directors Kathleen Gardner Cravedi and Michael Rodgers, who had primary responsibility for directing the progress and preparation of the Subcommittees' investigation and report. In addition, professional staff members Peter Reinecke, Melanie Modlin, Gretchen Sorensen and Susan Abie provided invaluable assistance in the preparation of this report. Special United States Postal Service detailees to the Subcommittee, Mr. Thomas Bazley and Mr. Robert Joy, are to be commended for their excellent guidance and assistance to the Subcommittees during the course of the entire investigation. Ms. Patricia Butch, Women's Research and Education Institute Fellow on assignment to the Subcommittee on Health and Long-Term Care, is to be given special recognition for her outstanding contribution to the investigation both in preparation of this written report and all aspects of the inquiry. GAO detailee Hal Wallach should be credited for statistical analysis provided. Special thanks should also be extended to intern Karen Wedding, who was so helpful throughout the course of this inquiry.

What follows is our report, which documents an increasing and prevalent problem not confined to occupation, nor region of the United States. Literally every American can have cause for concern in the search for a bona fide professional.

Claude Pepper
Chairman
Subcommittee on
Health and Long-Term Care

Don Bonker
Chairman
Subcommittee on
Housing and Consumer
Interests

I. INTRODUCTION AND EXECUTIVE SUMMARY

On December 7, 1984, the Subcommittee on Health and Long-Term Care held a hearing on "Fraudulent Medical Credentials." In its wake, thousands of letters poured in, detailing individual experiences of services rendered by deceptively credentialed practitioners. From people across the country, the Subcommittee read accounts of services received from phony "professionals." The Subcommittee soon learned that credentialing problems were not confined to medical doctors. Nurses, psychologists, osteopaths, and numerous other professionals in other health and consumer-related areas were also brought to the Subcommittee's attention. The accounts of abuse by deception ranged from home repairs made by unlicensed contractors to accidental death at the hands of fraudulent medical practitioners. This outcry of concern regarding deceptive practices by professionals from all walks of life led the Subcommittee to call upon the House Select Committee on Aging's Subcommittee on Housing and Consumer Interests, to undertake a joint investigation into the extent and nature of fraudulent credentials in the United States.

In the course of their year-long investigation, the Subcommittees undertook the following steps:

- Collected, reviewed and tabulated letters and case histories received by the Subcommittees over the last seven years relating to frauds perpetrated against older Americans at the hands of bogus professionals;

- Reviewed previous Congressional and administrative hearing records and reports relating to fraudulent credentialing practices;

- Prepared and analyzed a questionnaire by the Chairman of the Subcommittee on Health and Long-Term Care, Congressman Pepper, to all State Licensure Boards to ascertain their experiences with fraudulent credentials. The responses to this questionnaire can be found in Section VI of this report;

- Prepared for Chairman Pepper a questionnaire to 227 University and College registrars listed in Barron's Guide to the Most Prestigious Colleges, to ascertain their experiences with the verification and prevalence of fraudulent credentials. The responses to this survey can be found in Section V of this report;

- At Chairman Pepper's request, obtained the services of detailees Thomas Bezley and Robert Joy from the U.S. Postal Service's Inspection Service, for the purpose of assisting the Subcommittees in their investigation of fraudulent credential operations, which do business primarily through the mails;

- In cooperation with the U.S. Postal Service's Inspection Service, undertook an investigation to determine the facility with which a phony Ph.D. could be secured. After supplying a "university" with a list of books read by the Chairman of the Subcommittee on Health and Long-Term Care, four short book reports and a check for about $1800, the Ph.D. degree in Psychology was awarded the Chairman. The findings of this investigation are detailed in Section IV of this report;

- Conducted numerous followup telephone interviews with State Licensing Directors and college registrars to amplify responses to the Subcommittees' surveys on credentialing practices;

- Reviewed all books, periodicals and newspaper references relating to credentialing abuses for the past five years in the possession of the Congressional Reseach Service;

- Participated in three conferences convened by the General Accounting Office during 1985 regarding foreign medical education;

- Reviewed and analyzed all case histories forwarded to the Subcommittees by various State officials detailing their experiences with fraudulent credentials;

- Met with numerous organizations representing professionals inside and outside of the health care area to gain a better understanding of the Federal role in assisting the States in combatting this national problem;

- Responded to numerous advertisements in literally hundreds of publications to determine firsthand whether the advertisements lived up to the promises made.

- To determine the facility with which one could get into to business of peddling bogus degrees, the Subcommittee on Health and Long-Term Care established its own "educational guidance" firm, its own "university", and its own "accreditation agency." The Subcommittee also placed an advertisement in a national newspaper for our "services" to test the market for bogus credentials. The Subcommitee discovered that in a week's time, a fully accredited degree granting institution could be created and begin receiving students. All this could be done with no questions asked about the background of faculty, the school's staff or the legitimacy of its accreditation.

The Subcommittees found that fraudulent credentials are a large and growing national problem which today may touch the lives of nearly every American. It is a problem which spans the full range of occupations, from architecture to zoology, in every region of this nation. The Subcommittees found that the fraudulent credential problem is fueled by the profitability and ease of peddling bogus credentials, widening gaps between the number of college graduates and the number of jobs available to them, the unlikelihood of "phonies" being detected and punished, and an increasingly credential conscious American society which bestows greater esteem and higher salaries to those holding advanced degrees and other credentials.

Section II of this report describes the role education in the United States in terms of supply and demand in certain occupational arenas has played in the proliferation of fraudulent credentials. Whereas only 7.7% of all Americans in 1960 and completed 4 or more years of college — by 1985, that figure more than tripled. At the same time, the number of jobs available for a more educated population has not kept pace with the number of increased educated graduates. More graduates are competing for fewer jobs and this disparity in educated graduates versus job opportunities is likely to continue. Also, Section II discusses the fact that advanced degrees garner higher salaries which has stimulated an increase in the number of students pursuing such degrees. These trends fuel the growth of an increasing, yet illegal new industry, which preys upon the fears current employment seekers have in their search for meaningful employment opportunities. More than ever, credentials are critical in the competition for job security. The Subcommittee found that Americans are increasingly turning to nontraditional methods to obtain college degrees — and that today there may be upwards of 500,000 or one in 200 working Americans who have sought, obtained and in many instances are employed based on some form of fraudulent credential. Of this number, some may be used merely for vanity. In far too many instances, however, these credentials will be put to use in the workplace, where consequences can range from negligible to life-threatening. In addition, as many as 30 million or one in 3 currently employed Americans are hired with credentials which have been altered in some shape or form. This form of abuse ranges from the simple manipulation of a resume to include an additional club affiliation or filling in gaps of an employment history to the more serious abuse of adding a nonexistent advanced degree.

Section III of the report outlines the most common methods for promoting and procuring fraudulent credentials as well as some case histories of abuse by those practicing with such bogus credentials. The range of methods for promoting phony credentials ranges from sophisticated "brokers" who for a fee will secure a desired credential from an existing educational institution and "diploma mill" degrees offered without requiring that learning or testing take place — just that a check be received, to degrees or resumes embellished or manufactured solely through the ingenuity of the individual degree seeker acting on his or her own behalf. The Subcommittee found that it is not necessarily illegal for a mail order school to be established. It only becomes illegal when it can be proven that the school does not provide a learning experience nor the testing of competency, which the school suggests. It is also not necessarily illegal for an individual to purchase a bogus credential from a bogus institution. It becomes illegal, in the context of the report, when it is put to fraudulent use. This same standard must also be met by a prosecutor in convincing a court that the mail or wire fraud statutes (the primary statutes violated by those promoting and purchasing fraudulent credentials) have been violated. A profile of the credential abuse and victim emerges. The "abuser" is in most instances both the buyer and seller of the phony credential. The victim is society, employers, legitimate nontraditional schools, and colleges and universities. Older Americans are the most likely victim of the most grievous fraudulent practitioner — the medical practitioner practicing on the basis of phony credentials.

Section IV provides a step-by-step analysis of the purchase of a Ph.D. in Psychology undertaken by the Subcommittee on Health and Long-Term Care of the House Select Committee on Aging. This was an attempt by the Subcommittee, at Chairman Pepper's request, to determine the facility with which a degree could be purchased. The process, which began with a response to an advertisement in April 1985 that suggested a degree could be secured on the basis of life experience, ended on December 4, 1985, when the Subcommittee received an official notice, dated November 23, 1985, from a university in California, that its Chairman, Claude Pepper, had successfully completed the requirements for his Ph.D. in Psychology. In fact, the only requirements fulfilled by C.D. Pepper were the completion of four short book reports, on Plain Speaking, The Power of Positive Thinking, Too Old, Too Sick, Too Bad, and Mental Health and the Elderly, and the payment of over $1800.

Sections V and VI summarize the data collected from 227 registrars of colleges and universities listed in Barron's Guide to the Most Prestigious Colleges, asking for their experiences with fraudulent credentials, as well as data received from all State professional licensing boards, on the extent to which they found fraudulent credentials and phony practitioners to be a problem. From data received, the Subcommittees were able to reach a number of conclusions:

- College and university registrars receive, on the average, about 500 requests for degree verification a year;

- The majority of college and university registrars reported that false degree claims were an increasing problem spanning literally all occupations;

- College and university registrars were unanimous in their opinion that they were not in the appropriate position to act on questionable degrees, and that action should be taken by those State and Federal authorities in a position to do so;

- The majority of State licensing authorities viewed fraudulent credentials as a serious and increasing problem;

- State efforts to combat such fraud is severely hampered due to weak standards of certain States, lack of a national information exchange on fraudulent degree holders; and "reciprocity agreements between States."

Section VII discusses Federal action with respect to fraudulent credentials which are primarily promoted and purchased through the use of the mails and telephone. Since fraudulent activities in this regard are violations of the mail and wire fraud statutes, the Subcommittee analyzed the activities of the agencies with primary enforcement authority over these two statutes: the U.S. Postal Service and the Federal Bureau of Investigation. This section also summarizes the efforts and interest of the U.S. General Accounting Office and the Veterans Administration in this area. Section VIII includes a number of policy options for the consideration of the Congress and the States, some of which include:

1. The Congress should strengthen the Federal mail fraud statute by increasing penalties from fines of $1000 per violation and/or jail sentences of 5 years per violation to $10,000 and 15 years per violation;

2. The Congress should consider legislation creating a national computerized clearinghouse on fraudulent credentials in order to assist the States in their efforts to identify and discipline fraudulent practitioners who can currently circumvent with relative ease such disciplinary action by simply moving from State to State;

3. The Congress should enact the recommendation of the GAO relative to the courses of study offered in medical schools, to assure that all physicians practicing in the U.S., regardless of origin of education, meet acceptable standards of medical education; and

4. Each State should have and enforce at least minimum academic and financial requirements for all schools. Licenses should be issued to schools contingent upon initial and continued review by the States.

The Subcommittees found that 150 to 500 fraudulent credential mills are currently in existence in the United States today. On the average, each credential mill may, in its lifetime, "award" about 3,000 bachelors to doctoral degrees — across the spectrum of occupations, from architectural degrees to degrees in zoology. The Subcommittee estimates that upwards of 500,000, or one in every 200 working Americans possess fraudulent credentials and many, as this report indicates, hold jobs on the basis of these fraudulent credentials. This total includes 10,000 doctors, or one in every 50 physicians, practicing with falsified or questionable credentials. In addition, as many as 30 million or one in 3 currently employed Americans may have been hired with credentials which were altered or embellished. The Subcommittees found that phony degree seekers pay anywhere from $5 for a simply "outstanding service" citation to $28,000 for a medical degree complete with transcripts, diploma, employment references and verification services included. The procurement of falsified or misstated credentials is increasing and serious in nature. Victims of falsified credentials include society at large; employers who rely on empty credentials are cheated, and so are those who become patients, clients and colleagues of such paper practitioners; and some legitimate, non-traditional "schools without walls," which are victimized by such exploitation.

Unfortunately, older Americans are the most common victim of the most dangerous fraudulent practitioner — the fraudulent medical practitioner — as seniors utilize health services three times more often than their younger counterparts and are hospitalized two and one half times the rate of those under the age of 65. Older Americans pay the lion's share of the public's portion of our nation's health care bill — and are more likely to line the pockets of phony doctors and other health practitioners than any other segment of the population. Lastly, the Subcommittee found that the facility with which phony degree-granting institutions can be established, coupled with the relative ease with which a fraudulent practitioner can avoid detection or circumvent disciplinary action, seriously impedes State and Federal efforts to curb the incidence of fraudulent credentials in the United States today.

From this, the Subcommittees conclude that the American public will continue to fall prey to "paper" professionals unless corrective action is taken as suggested above. What is not discussed, but is implicit throughout the pages of this study, is the extent to which the emotional, financial and physical welfare of every American will be forsaken at the expense of an ill-equiped practitioner who remains undetected and unstopped.

What follows is our report, which documents an increasing and prevalent problem not confined to occupation, nor region of the United States. Literally every American can have cause for concern in the search for a bona fide professional.

II. DIMENSIONS OF THE PROBLEM

Our nation takes great pride in the importance it places on education — and rightfully so. Education is integral to our rapid growth and prosperity as a nation. It goes without saying that the dollars we spend on our children's education are a worthy investment, in their future and the future of our country.

Over time our nation has chosen to dedicate increased resources to the education of its citizens. Since 1960, spending on education has increased 1000%, from $24 billion, to $240 billion in 1985 — accounting for roughly 7% of the gross national product (GNP). Spending on education is only exceeded by spending on national defense and health care.

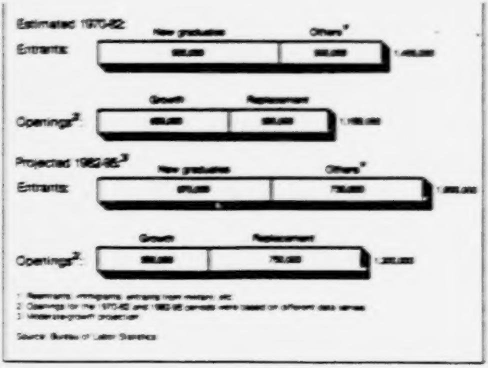
This tremendous increase in monies spent on education is paralleled by increases in the education levels of the American public. The median number of school years completed by Americans was 8.6 in 1940, placing a junior high school level of education as the norm. By 1983 the median number of years of education completed by Americans was 12.3, meaning that some education past high school has come to be the norm.

By far, the greatest increase in education, both in demand and in supply, has come in the area of post secondary or college education. The percentage of Americans completing four or more years of college has more than doubled over the past 25 years, from 7.7% in 1960 to nearly 20% in 1985. This nation has witnessed a proliferation of credentialed and degreed persons. In 1960, some 400,000 bachelors and professional degrees were awarded to Americans, as well as 75,000 masters and 10,000 doctoral degrees. The number of degrees awarded has skyrocketed — more than tripling over the past 25 years. In 1985, nearly 1.3 million bachelor's degrees, 300,000 masters degrees, and some 35,000 doctoral degrees will be conferred in the United States.

The one and a half million new degree holders in 1985 are entering an extremely limited and competitive job market. There has been rapid growth in many occupations requiring undergraduate and graduate college degrees. There has also been a great deal of "educational upgrading" — an increase in the demand for a higher educational level for a particular job. This means that some jobs which in the past were filled with high school graduates or those with an undergraduate degree, may now only be filled with persons with more advanced degrees.

However, the number of jobs available for highly qualified jobseekers has failed to keep pace with the number of graduates seeking positions. In 1982, there were 250,000 more graduates than there were jobs. This gap has widened by 20%, so that this year's graduates are expected to outnumber new jobs by 300,000. This disparity is expected to continue, creating an oversupply of some 3 million college degree holders over the next ten years. (See CHART I)

CHART I



1 Reentrants, immigrants, entrants from military, etc.
2 Openings for the 1970-82 and 1982-95 periods were based on different data series
3 Moderate-growth projection

Source: Bureau of Labor Statistics

This squeeze in the job market has come, as noted above, at a time when our society has become ever more credential-conscious. Credentials (most often spoken of in terms of degrees) bring a person greater social status and a bigger paycheck. A comparison of average salaries offered in 1983 to individuals entering the job market with undergraduate and graduate degrees demonstrates this point very clearly.

As can be seen in CHART II below, more advanced degrees translate to significantly higher salaries. Masters and Doctoral degree holders were offered from 18 to 57% more than those holding only undergraduate credentials. The biggest jump in salary offerings between persons holding degrees one level higher than their counterparts came in the business field, where a person with a bachelor's degree averaged $17,892 and an individual holding a masters degree (M.B.A.) received an average salary offer of $26,580, or a difference of $8,688, or 49%. Engineering is another field displaying great differences in salaries offered. Civil engineers with a bachelor's degree were offered an average of $22,428, while those holding a doctoral degree garnered an average of $35,232 — $12,804 or 57% more. Chemists holding an undergraduate degree were offered an average of $20,544, while those holding doctoral credentials were offered $32,328 — more than $11,000 or 57% higher.

CHART II

Average Salary Offers to Degree Candidates (1983)

	Bachelor's	Masters	Doctoral
Accounting	$18,780	$22,892	—
Business	$17,892	$26,580	—
Chemistry	$20,544	$26,436	$32,328
Civil Engineering	$22,428	$27,120	$35,232
Humanities	$16,560	$19,404	—
Marketing	$16,932	$25,464	—
Mechanical Eng.	$25,152	$28,800	$37,800
Social Sciences	$15,840	$19,272	—

Source: Statistical Abstract of the United States, U.S. Department of Commerce, 1985.

Thus, while it is becoming more and more difficult to find jobs requiring advanced credentials, these jobs are increasingly profitable. Certain choice positions are now almost impossible to obtain. For example, a large computer corporation estimates that it interviews 80 people for every job offer it makes. A small airline recently hired two pilots from among a field of 2,500 applicants. More and more Americans are finding it difficult to secure jobs commensurate with their abilities, salary needs and desires.

All these factors have fueled the growth of an old but persistent American industry: the peddling of phony credentials. This problem has mushroomed to the point where today it touches the lives of nearly every American in some shape or form. Based on its review of previous studies and reports and on its own surveys of university, state government, private business representatives, and fraudulent credential promoters themselves, the Subcommittees estimate that today there may be upwards of 500,000, or one of every two hundred working Americans, employed based on some form of fraudulent credential. In addition, the Subcommittees estimate that as many as 30 million, or one in 3 working Americans, may be employed based on credentials which have been altered in some shape or form. These estimates may prove very conservative considering the following points:

- Medical credentials are among the most esteemed and sought after credentials in our society. The Subcommittees found that degrees to practice medicine are the most difficult and expensive to obtain, normally requiring successful completion of four years of clinical and classroom training at an accredited medical school, at least one year of post graduate clinical experience, and a passing score on a national competency test. Yet, as revealed in the Subcommittee on Health and Long-Term Care's December 1984 hearing on fraudulent medical credentials, as many as 10,000 or one in fifty American doctors, are practicing medicine with fraudulent or questionable credentials. Applying the rate of bogus credentials from this the most difficult to obtain to all other occupations, there would be as many as 2 million bogus practioners in this country.

- The American Council on Education estimates that there are some 1000 nontraditional educational institutions in operation around the country. Of this number, about 400-500 are nothing more than diploma mills. Phony diploma mills can be profitable enterprises. The average "mill" will issue 3,000 or more diplomas in its lifetime, most on the basis of nothing more than a check, money order or cash — not learning or testing of knowledge.

- The National Council For Accreditation of Teacher Education estimated that while 6,000 doctoral degrees in education were awarded in 1979-1980, by legitimately accredited American schools (Note: The accreditation process is detailed in Section III) some 1,350 "quickie" degrees were awarded by unrecognized organizations. Thus, fully one sixth all these most advanced degrees in education were phony. If one generalizes from this estimate to all doctorates granted since 1979, this would translate to nearly 40,000 Americans holding bogus doctorate degrees alone.

- In one county alone, Dade County, Florida, some 10,000 contractors were identified as operating without a license. Many of these phonies represented themselves as certified by the state. However, these "contractors" cost Dade County residents, many of them elderly, millions of dollars paid for faulty and often dangerously poor work. (The Sun Tattler, 1985.)

- Many cases of persons using bogus credentials go unreported or undetected. Each year private employers and consumers discover thousands of fraudulent credentials but take no action. Private employers, during the course of pre-employment screening of job applicants often identify people who don't have the credentials they claim to possess. Many simply do not hold graduate or professional degrees as claimed on their resumes, while many others do not hold their degrees from the highly esteemed universities which they claim, but rather from one of the hundreds of "diploma mills." However, because of embarassment, pride, lack of time and resources, it is common for companies simply to refuse to hire the phony. With no public notification or punitive action, the phoney is left undetected by the rest of the world and is free to go on to find work with a less inquisitive employer.

- Even when individual citizens are directly victimized by fraudulent credential users — such as the above mentioned case of elderly Florida residents — they are often too embarrassed, frightened or reluctant to report the incident.

Who are these fraudulent practitioners and where do they practice? Fraudulent practitioners can be found in virtually every type of occupation in every State across the nation. They are doctors, lawyers, bankers, teachers, child care workers, businessmen and professionals. They are working in big cities, small towns, in the North, South, East and West. "Phonies" can hold no degrees, degrees from non-existent universities, forged degrees from real universities, lesser degrees in different fields, contrived transcripts and letters of recommendation, fraudulently obtained licenses, no licenses at all, or a combination of all of the above.

Health care is a favorite area for phonies. About one third of the half a million fraudulent practitioners seek fake credentials in the health professions, joining the up to 10,000 medical doctors, practicing in the United States with fraudulent or questionable credentials. The Subcommittees were told that thousands of degrees in chiropractic, dentistry, osteopathy, pharmacy, and other health professions are frequently requested. Many of these individuals are caring for the health of the American public with credentials simply bought through the mail.

Other fraudulent practitioners are employed as accountants, architects, auditors, bankers, child care workers, contractors, electricians, engineers, government officials, insurance agents, managers, plumbers, teachers and others. The Subcommittees' investigation reveals that the occupation of choice for paper professionals, after the health professions, is one in health-related fields, followed by business, engineering and education.

The proliferation and promotion of bogus credentials is unlikely to abate. In fact, all indications are that, left unchecked, this problem will continue to increase as the job market becomes tighter and higher education becomes more and more expensive. Phoney credentials are quicker, easier and less expensive, making them ever more attractive to the unsuccessful job seeker or dissatisfied worker. They are often very profitable to both the buyer and seller. However, at best, using fraudulent credentials is illegal, and, at worst, it can cost lives.

III. TYPES OF PHONY CREDENTIALS: CASE HISTORIES

Since December of 1984, following a hearing by the Subcommittee on Health and Long-Term Care of "Fraudulent Medical Credentials," numerous calls and letters were received from individuals requesting further information regarding the matter of phony credentials. In far too many instances, however, these pleas for assistance were accompanied by sad stories of similar deception and victimization at the hands of profesionals ill-equipped, unlicensed or simply not credentialed for the work they performed.

The Subcommittee viewed this continuous outpouring of concern as a sign of increased awareness of the part of the public that fraudulent credentials were not just isolated occurrences. In addition, the Subcommittee found that the testimonials of deception were not confined to phony credentials held by those in health-related professions. Rather, diploma fraud cases brought to the Subcommittee's attention literally spanned the professional universe, including but not limited to teachers, engineers, public safety workers, chemists, biologists, mathematicians, business and banking executives were among those who dramatically affected individual lives. Early in 1985, the Chairman of the Subcommittee on Health and Long-Term Care invited the Aging Subcommittee on Housing and Consumer Interests to undertake a joint examination into the extent and nature of fraudulent credentials in health-related fields as well as in all other consumer-related professions.

This joint venture led the Subcommittee to survey by questionnaire all State Licensing Boards and over 250 of the nation's leading 3,200 colleges and universities requesting data on their experiences with fraudulent credentials. An analysis of responses to these surveys appears in Sections V and VI of this report. In addition, the Subcommittees asked that case histories of credential fraud be supplied to the Subcommittees. Hundreds of credential fraud stories poured in, detailing outrageous accounts of abuse at the hands of fraudulent practitioners, ranging from the calculated murder of an 84-year-old woman by her phony California physician to numerous instances of badly performed home repairs in Florida by contractors who lied about their qualifications.

It should be understood that the Subcommittees' examination focused on degrees and credentials that are purchased through the mail, not earned in a classroom. There are some schools that offer non-traditional approaches to education via the mails for those who don't have the time to attend classes. As long as testing of competence takes place prior to the granting of a degree, such operations may be legitimate. It is not necessarily illegal for a mail order school to be established. It becomes illegal when it can be proven that the school does not provide a learning experience nor the testing of competency which the degree from the mail order institution suggests. It is degree-granting institutions of this sort, which promise degrees ranging from bachelors to doctorates across the occupational spectrum, with absolutely no requirement that anyone learn anything, that are the subject of this report. Also, it should be understood that it is not necessarily illegal for an individual to purchase a bogus credential from an illegal institution. It becomes illegal, in the context of this report, when it is put to fraudulent use. This same standard must also be met by a prosecutor in convincing a court that the mail or wire fraud statutes have been violated — the primary statutes employed against those promoting fraudulent credentials and those using fraudulent credentials in the United States today.

The methods for promoting fraudulent credentials which are set forth below include "brokered credentials," "credential or diploma mills," and "self-proclaimed credentials." The prices paid for such credentials ranged from $5 for a citation (merit) to $28,000 for a verifiable medical degree, complete with diploma, transcripts and employer recommendations.

A profile of the credential abuser and the phony credential victim emerges from these case histories. The abuser is both the seller and the buyer of a phony credential. The seller is seeking money — and as this report will indicate, the fraudulent credentialing business is increasing and is profitable. The buyer is seeking a shortcut to traditional education. Again, as this report will indicate, the facility with which a bogus sheepskin can be secured would shock the conscience of the most unbelieving.

Interestingly, the victim, therefore, is usually not the individual who purchases a bogus degree. Fraudulent credential seekers know what they are buying, are satisfied customers for the most part, and are not likely to complain — unless they were conned into the belief that what they purchased was indeed an authentic credential. This is the exception, not the rule — and for that reason not the subject of this report.

The victim actually is society. Employers who rely on the empty credentials are cheated, and so are those who become patients, clients and colleagues of these paper practitioners. So too are reputable colleges, universities and correspondence and extension schools, such as "universities without walls" programs, whose reputation and survival are at stake. Unfortunately, the most common victim of the most dangerous phony practitioner — bogus doctors and health professionals — is the older American. Older Americans typically are sick three times more often and three times longer than their under-65 counterparts. Those over 65 are more likely to be hospitalized two and a half times the rate of those under 65. Older Americans pay the lion's share of the public's portion of our nation's health care bill — and are more likely to line the pockets of phony doctors and other health practitioners than any other age group.

What follows are examples of the most common methods for promoting and procuring fraudulent credentials as well as case histories of abuse by those practicing with such brokered credentials. The examples are meant to be illustrative, not exhaustive. These shocking examples of abuse of elderly and other consumers are current and represent virtually all of the States responding to the Subcommittees.

A. BROKERED CREDENTIALS

Brokered credentials are secured through the use of an individual who, for a commission or fee, brings those seeking credentials together with institutions or other parties in possession of the desired credential. The broker assists in negotiating the transaction between the two parties.

To gain a better understanding of how "brokered credentials" are secured, the Subcommittee on Health and Long-Term Care heard from Mr. Pedro de Mesones and several of his clients in a hearing on "Fraudulent Medical Credentials" in December 1984. Mr. de Mesones is currently serving time at Allenwood Federal Prison for providing fraudulent medial credentials to 165 people from October 1980 to August 1983. Thirteen of those obtained their medical licenses and six were found to be working in medical residency programs in the United States. Mr. de Mesones, the broker, made $1.5 million before he was caught by U.S. Postal authorities.

Brokered credentials are generally the costliest degrees to procure and are the method of choice for those seeking medical degrees. The Subcommittee found that the range of services provided by brokers is as varied as the desires of the party seeking credentialing. Services can include securing the desired diploma from the desired college or university at one end of the spectrum, all the way to providing transcripts, letters of recommendation, degree verification and guidance, and job placement, at the other end of the spectrum. In the case of de Mesones, clients paid from $5,000 to $27,000 for his services.

Pedro de Mesones' statement before the Subcommittee in 1984 sheds light on how credentials are commonly brokered:

STATEMENT OF PEDRO de MESONES

> As you know, I am Pedro de Mesones. I am currently an inmate at the Allenwood Federal Correctional Camp in Montgomery, PA.
>
> On December 21, 1983, I pled guilty to violating the mail fraud statute and conspiracy. I was sentenced to three years in jail.
>
> I deeply regret the actions that led to my incarceration and am here voluntarily in the hope that my cooperation with this committee will in some way hellp right the wrongs I have committed.
>
> For about 3 years, I engaged in the business of expediting medical degrees. Through a company that I organized in the District of Columbia, Medical Education Placement, Inc., I placed advertisements in papers like the "New York Times" and "Los Angeles Times," and various professional journals.
>
> I advertised I could get graduations for students in the field of medicine and dentistry. You have a copy of some of my advertisements on display along with some ads placed by my competitors. In September 1982 a woman calling herself Odette Bouchard approached me. She paid me $16,500 and I

arranged for her to graduate from one of the foreign medical schools where I had contacts. She graduated in December of 1982 without ever attending a day of class.

Although Ms. Bouchard presented to me some transcripts of her previous studies in nursing and I believe additional documents attesting to courses in the field of sciences, the only time she was in Santo Domingo was when she went to get her medical degree from CETEC Medical School at graduation. Along with her diploma she also obtained a complete set of academic transcripts and letters of recommendation from the dean of that school. Only later did I learn Odette was an undercover agent working for the postal inspectors.

In the 3 years I was in this business, I had approximately 165 clients. I provided about 100 of these clients with false transcripts showing they had fulfilled medical requirements of schools they didn't attend.

I provided or arranged placement in an American hospital for clinical rotations and falsified evaluations of clinical rotations in a conspiracy with Dr. Joseph McPike of Polk General Hospital in Florida. I randomly selected in keeping with my clients' wishes, graduation dates and obtained transcripts, letters of good standing, recommendations and medical degrees from CETEC medical school.

Following an already existing practice abroad mainly in the Caribbean and Mexico, I was not the architect nor the kingpin of this practice. I just was approaching a common practice of these schools, a practice that I believe still exists by some of the schools abroad. My misjudgment was based on the fact that any of my students or medical clients who obtained these diplomas at any schools abroad, upon their return to America had to apply for license to practice medicine and had to pass a rigorous test, the ECFMG and FLEX before they would receive their American license.

Also when necessary, I obtained false transcripts from other foreign medical schools to complete the "student's" academic record. By the time authorities seized my records in August of 1983, approximately 86 of my clients had graduated from CETEC in Santo Domingo and about 12 more were scheduled to graduate from a second medical school on the island.

I learned lately that 40 of my clients had since been certified by the Educational Commission for Foreign Medical Graduates. Thirteen had obtained their medical license to practice and six more were working in hospital residency programs.

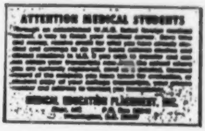
Clients paid me and the school from $5,225 to $26,000 for my services. In all I collected about $1.5 million in approximately 3 1/2 years. I only got to keep about $433,500 to $500,000 of this total. The rest went for tuition payments and additional payments to assistant deans and miscellaneous expenses.

I know now what I did was wrong. But I must tell you others are doing the same thing. I have given the names of some of these people to the postal authorities and the investigators from your committee also. I regret what I did, but I should not be the only one punished. I will do whatever I can to make up for this mistake and to assure that the American people will be completely well taken care of by qualified physicians, by identifying the schools abroad and perpetrators who are engaged in this sort of practice.

As a matter of fact, at this moment I am devising,

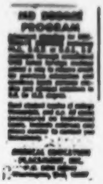
> myself, some kind of special process in order to check and double check all those medical credentials of graduates from abroad who come here specifically set up in order to attract the American market, just for business, and not for teaching.
>
> I do also think the American schools graduate about 20,000 physicians a year average, which is good enough to take care of Americans. The United States does not need additional doctors. If they want to get additional doctors, they have to have their credentials well-checked, and they must have completed studies and they have to be well qualified to pass the test.
>
> The test has to be very rigorous and they should find themselves different types of tests or very different ways in order to be able to assure that these students are well-knowledgeable in their studies, because I also learned lately that those tests they have been selling in advance on the free market for a price of $1,000 to $50,000 each.
>
> I am sorry that I don't know who are the sellers and perpetrators, and I will be pleased to give you that information as to the American authorities. Thank you. If you have any questions, I will be pleased to answer.

The following advertisements which appeared in the New York Times and the Los Angeles Times were placed by de Mesones and are typical of solicitations for brokered credentials:



ATTENTION MEDICAL STUDENTS

MEDICAL EDUCATION PLACEMENT, INC.



MD DEGREE PROGRAM

MEDICAL EDUCATION PLACEMENT, INC.

Mr. de Mesones is now serving a sentence in Allenwood Federal Correctional Center in Pennsylvania. As he tells it, "I was just approaching a common practice of these schools, the practice that I believe still exists by some of the schools abroad. My misjudgement was based on the fact that any of my students or medical clients who obtained these diplomas at any schools abroad, upon their return to America had to apply for license to practice medicine and had to pass a rigorous test, the Educational Commission for Foreign Medical School Graduates (ECFMG) exam and the FLEX before they receive their American license."

It is unclear whether any of the clients for whom Mr. de Mesones brokered degrees have caused harm to unsuspecting patients. Most of his clients were identified and stopped before they were fully integrated into the system. However, one of his clients was disciplined by an alert supervisor who noted that the supposed doctor was prescribing medication without examining the patient. In a second case, the student was reprimanded for failing to notice the severity of injury to a patient and transferring him to an acute care facility.

Among Mr. de Mesones' students were two persons who ask that their names be withheld: Mr. X and Mr. Y.

- Mr. X is a Canadian pharmacist who wrote to de Mesones after seeing his advertisements for medical degrees in the New York Times in 1981. De Mesones called Mr. X and informed him that the fact that he did not have any professional recommendations, had not taken the medical college entrance exams and could not speak Spanish would not be held against him in his admission to CETEC, in Santo Domingo. The basic courses like anatomy could be taken in Canada. The first two years of medical school requirements could be met with his transcripts from pharmacy school and additional classes that Mr. X claimed to have audited at a Canadian school.

  To enter a clinical clerkship, Mr. X needed a transcript from a medical school, which de Mesones provided from the Universidad del Noreste, a Mexican University. Even with the transcripts, Mr. X was unable to gain admission to a Canadian clinical program. Therefore, Mr. X was sent by de Mesones to Dr. Joseph McPike, medical director at Polk General Hospital. Mr. X spent only 3 1/2 weeks in the program. By his own account, his hands-on medical experience was minimal. He listened a patient's heart or looked into his eyes or ears. He took one or two medical histories, but only after a legitimate physican had already taken them. Most of the time he merely observed and asked questions. Then, to his surprise, he was told that he need not continue his clinical work — it was unnecessary, since he only planned to get a research job with his medical degree anyway. Besides, another student needed that spot in the program.

At graduation ceremonies in Santo Domingo, Dominican Republic in June 1982, Mr. X received his diploma and a letter stating he had successfully completed 15 months of residency.

Mr. X took the ECFMG exam and scored a failing grade of 70. After participating in a Stanley Kaplan review course, he passed on the second attempt, this time with a score of 75. Shortly thereafter Pedro de Mesones was arrested and Mr. X was approached by authorities. He surrendered his degree, his letters of recommendation and his ECFMG test scores.

For $10,000, he gained admittance to CETEC medical school without ever taking the MCAT entrance exam, without legitimate recommendations or a suitable grade point average, or without an ability to speak Spanish. He received phony transcripts, grades, and credit for 15 months of residency (clinical rotations), of which he completed less than one month. He graduated from CETEC medical school with an M.D. degree and he passed the ECFMG exam. Today he could easily be someone's doctor.

Mr. X's motive was that he simply wanted to be a doctor. The ad in the New York Times showed him a way to short circuit the system. What his grades and qualifications could not get him, Pedro de Mesones and money did.

- Mr. Y is a chiropractic physician who, because of his profession, received a letter from a medical school placement service with a Washington, D.C. post office address. The letter offered a fully accredited medical degree from a foreign medical school. The letter requested that his chiropractical and pre-professional records be sent to them. He responded. In December of 1981, he received a call from Pedro de Mesones who provided the names of other students, fellow chiropractic physicians, he could contact for references. Mr. Y talked to one student, who had completed the program, received his degree, and passed the ECFMG. He felt de Mesones was legitimate. By his own account, he seriously thought that de Mesones was a placement official. He decided to pursue the program.

A meeting was arranged between Mr. Y and de Mesones at the Nashville, Tennessee airport, where Mr. Y was instructed to bring $5,100 in cash, the application he had been sent, his birth certificate, a photograph, and a report of his financial condition. De Mesones informed Mr. Y that, unlike American schools, foreign medical schools did not discriminate against chiropractors or other U.S. allied professionals. On the basis of his past training, he would be given a transcript granting him full credit for his education.

De Mesones said that, since the course of study was almost identical, most likely he could get credit through a Mexican school which would transfer directly to CETEC, in the Dominican Republic, for graduation. Shortly thereafter, Mr. Y received from de Mesones a copy of a transcript in Spanish. To Mr. Y's surprise, it bore his name. Yet, despite his disbelief, he was willing to accept it at that point if the school would grant such credit. Mr. Y suspected no wrongdoing at this point. He had graduated with honors from an accredited professional school in America, and it didn't seem wrong that a foreign school would accept that.

In June 1982, after leaving his chiropractic practice for what he thought would be the duration of medical school, Mr. Y reported to CETEC. On arrival, however, he was told by Pedro de Mesones that all had been arranged for him to graduate. He went along with the charade.

Shortly after returning to the U.S., Mr. Y received a phone call from de Mesones asking him to come to Washington, DC. He paid de Mesones $20,000 for services provided, which included a diploma, transcript and other necessary credentials.

Mr. Y sat for the ECFMG exam twice and failed both times. He also contacted various State licensing boards to find out about FLEX requirements. It took the arrest of de Mesones and an article he read about California refusing to accept CETEC degrees for Dr. Y to realize what he had done was wrong. Had Pedro de Mesones not been arrested, Mr. Y might well be practicing medicine today.

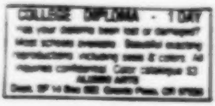
B. CREDENTIAL OR DIPLOMA MILLS

Credential mills, or more commonly, "diploma mills," have long been "a festering sore on the academic landscape," according to George Arnstein, former secretary of the Educational Institution Licensure Commission in Washington, D.C. He continued, "They call themselves universities but offer no instruction; they sell diplomas — sometimes cheaply, often expensively — but they make no intellectual demands." Mr. Arnstein's views mirror the findings of the Subcommittee on Health and Long-Term Care. Following its review of hundreds of advertisements placed in numerous national publications, ranging from Popular Mechanics to the Washington Post, the Subcommittee found that about 98% of the promises of "academic degrees earned at home" were little more than diploma mills requiring no tests and no learning experience — only money.

Some so-called schools, the Subcommittee discovered, are careful to create an illusion of credibility, touting approval and accreditation by official sounding organizations. Others use names similar to well-regarded institutions of higher learning — like Stamford University, instead of Stanford.

Still others take great pains not to violate the privacy of the prospective client, promising not to ask questions as to why a fake credential is sought.

Some operations advertise that they simply replace "lost diplomas." The following advertisement is typical of those commonly placed in magazines and other paper press:


COLLEGE DIPLOMA - 1 DAY

The Subcommittees found that the majority of phony credentials are purchased annually through diploma mills ranging from a cost of about $5 for the replacement of a degree to thousands of dollars for a doctorate. The Subcommittees estimate that about 50% of the diploma mills credentials sought are bachelors degrees, 30% masters degrees, and 20% doctorates.

Interestingly, the Federal Bureau of Investigation has been conducting a parallel investigation into diploma mill operations (they call it "Operation Dipscam") since 1980. During the first two years of the investigation's existence, an FBI agent working on it earned 16 advanced degrees, among them several doctorates and even two M.D. degrees. Forty-two "colleges" were investigated and shut down.

"We've had 8 indictments, 8 guilty pleas, one suicide and 7 more under indictment — and, a lot more to come," said FBI Special Agent Allen Ezell in an April 1985 interview with the Asbury Park (N.J.) Press.

In an interview with Subcommittee staff this year, the FBI disclosed that more than 10,000 phony doctors, chiropractors, psychiatrists, engineers, teachers and other professionals were still using bogus credentials, according to FBI estimates. One FBI case involving a single Oregon diploma operation produced the names of over 1,300 satisfied customers upon whom were conferred bogus degrees from over 300 colleges, universities and professional associations.

The logical question at this point is why are diploma mills allowed to prosper and why isn't it a crime to purchase a degree from such an operation? The simple answer is that there is no strict definition of what constitutes a diploma mill. Prosecutors must accumulate enough evidence to convince a jury that an operation calling itself a school is in fact not a school. A key to determining the legitimacy of a degree is whether credit awarded has been earned or purchased for a price. Presently it is not a crime to purchase a bogus credential. The criminal act occurs only if it is used for some fraudulent end.

"To hang it on your wall and raise your fees for clients, yes (that's illegal)," said Special Agent Ezell in a recent interview.

What follows is a catalog of the variety of credential or diploma mill schemes, or other operations typically promoted. This is but a small sample — there are hundreds of similar cases retained in Subcommittee files. The mills fall into five major categories:

(1) Official look: mills that use the "official look," with seals, crests and other visual legends, and, even more frequently, information about how they have State approval or accreditation in order to lend credibility to the operation;

(2) Sound alikes: mills that offer degrees from schools that sound prestigious and may have names very close to well-known, legitimate schools, but in reality do not exist (Cormell instead of Cornell, for example);

(3) Life experience: Mills which grant degrees for life experience; and

(4) Good as new or better: replacement degrees: Mills which purport to replace your stolen or lost degree (regardless of whether you had one to begin with).

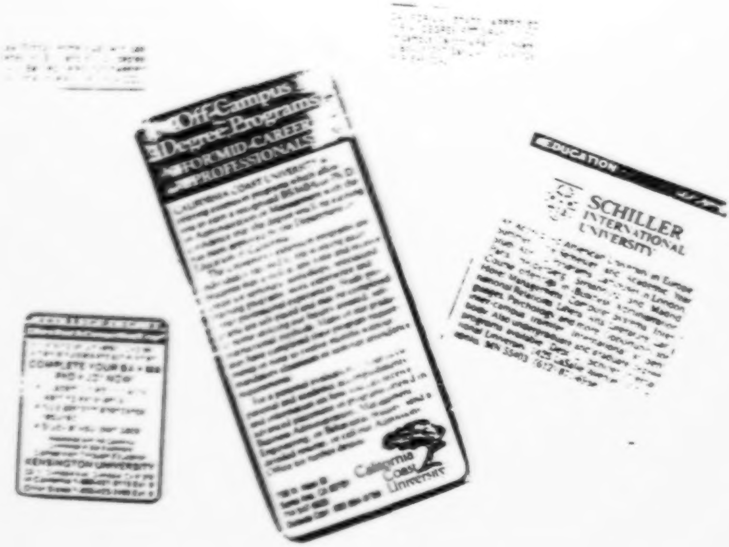
(5) No strings attached: mills which offer degrees with no questions asked;

A prime example of a diploma mill can be found in the case of Vocational Guidance, a Columbus, Ohio firm that specialized in many of the diploma mill strategies mentioned above. The operator of that firm was Anthony Geruntino, who, in July 1985, began serving time in a Federal penitentiary for mail and wire fraud. Mr. Geruntino's story follows:

> For about 5 years, Anthony J. Geruntino engaged in the business of "expediting" college degrees. Through a company he organized, Vocational Guidance, Inc., in Columbus, Ohio, he placed advertisements in such publications as Popular Mechanics, Popular Science, Psychology Today and the National Enquirer. Essentially, Vocational Guidance was an educational consulting firm which operated primarily through the mail. Mr. Geruntino advertised that he could help students get university degrees based on their life experience. In truth, Vocational Guidance was nothing more than a diploma mill, acting as a screen for other schools including Northwestern College of Allied Science and American Western University. Both of these schools "existed" only at post office boxes in Oklahoma and Missouri. The State of Ohio has laws governing the licensure of prviate post-secondary educational institutions — there are requirements regarding curriculum and faculty, for example. Therefore, Geruntino advertised nationally from his office in Ohio, but secured degrees from so-called universities and colleges in States were licensing standards were less stringent. Both NCAS and AWU were "accredited" by fictitious, nonexistent accrediting agencies which had been created by a colleague of Geruntino's to add legitimacy to both institutions.
>
> In March 1982, Geruntino created Southwestern University in Tucson, Arizona. Mail for SWU was received at general delivery in that city and then forwarded unopened to Geruntino at his Ohio office. In April 1982, an undercover agent for the FBI purchased a master's degree in business administration from Southwestern — for the price of $510. He later purchased another master's in business, this time from one of Geruntino's employees, for $830. Both degrees came with transcripts which reflected extensive coursework and the grades given, even though no classes were ever attended. The FBI agent then toured Geruntino's Columbus, Ohio office. In October 1982, the FBI executed a search warrant and seized records and student files at SWU offices in Tucson and Columbus. The documents included the names of graduates of NCAS, AWU and SWU.
>
> In February 1985, the Federal Grand Jury, Western District of North Carolina, returned a 31-count indictment Geruntino and others were charged with wire and mail fraud, conspiracy, and aiding and abetting in their operation of the Vocational Guidance diploma mill scheme. On July 8, 1985, he was sentenced to five years in prison and fined $5,000.
>
> Geruntino later admitted that clients paid him from $300 for a high school degree to about $1700 for a doctorate — the degree's value on the job market determined its price. Occasionally he would advertise a discount of 25%, to candidates applying for more than one degree at the same time.

One of Mr. Geruntino's "students" was Angelo L. Seno, a teacher at a private school in Illinois. Seno paid $585 for a higher degree, hoping it would move him into a higher income bracket. He submitted a resume and college records and was awarded a master's degree in health sciences from the fictitious American Western University, a diploma mill.

(1) **THE "OFFICIAL LOOK."** Typically, the Subcommittee found that universities commonly highlight the fact they are "chartered and recognized" by a particular State. See the following ads placed in several national magazines:


EDUCATION
SCHILLER INTERNATIONAL UNIVERSITY
Off-Campus Degree Programs FOR MID-CAREER PROFESSIONALS
California Coast University
COMPLETE YOUR BA • MA
PhD • JD NOW
KENSINGTON UNIVERSITY

This air of legitimacy often leads prospective diploma seekers to respond to their schools' come-ons. In four States, however, (Arizona, Hawaii, Utah, and Missouri), the Subcommittee found the only requirement to incorporate a private post-secondary institutions involved the submission of incorporation papers. Following incorporation, the university can legitimately claim to conduct lawful business. The entire corporation process can take as long as 5 minutes and cost as little as $50.

The Subcommittee also found that a potential diploma mill customer can be lured by advertisements claiming the school is accredited by an accrediting body. It was not uncommon to find that operators of diploma mills simply establish their own accrediting agency. A classic example is provided again by Anthony J. Geruntino, who in the late 1970's established, with others, the Northwestern College of Allied Science (NCAS) and American Western University (AWU). Both NCAS and AWU only "existed" at Post Office Boxes in Tulsa, Oklahoma, and Springfield, Missouri. Both were "accredited" by fictitious, nonexistent accrediting agencies which had been created by Geruntino's friend to add legitimacy to the above institutions. In 1985, following a 31-count indictment against Geruntino, it was determined that approximately 3000 diplomas were sold by the entire operation, which grossed approximately $2.3 million before it was put out of business by the FBI.

To determine the ease with which a diploma mill, or school, can be established, the Subcommittee devised a plan for the legal establishment, incorporation and accreditation of its own degree-granting university. The entire process, described below, took less than one week.

Typical of these types of university degree-granting institutions are the following:

- The University of the Republic created in 1983 by Arizona Republic investigative team members Jerry Seper and Richard Robinson. It was incorporated by Seper and Robinson, who were able to set the university standards and, within the boundaries of the law, award themselves doctorates.

- Ms. Frances Weilert of Ponca City, Oklahoma, was satisfied with her Ph.D. from Southwestern University, which turned out to be a diploma mill. An art teacher with 29 years of teaching experience, a legitimate bachelor's degree from Wichita State University and 200 hours of postgraduate credit from Oklahoma State University in Stillwater, reasoned that she had sufficient education and experience to qualify for a doctorate. Although she did not intend to get her Ph.D. from a diploma mill, she decided after talking to the "courteous staff" and seeing pictures of Southwestern in their catalogue, that she had made the right investment of her $1,000 and that surely "they couldn't fake that (the appearance of the school)."

- The Capitol Institute of Advanced Education was established and fully accredited by staff of the Subcommittee on Health and Long-Term Care in November/December 1985. The process was quick, easy and inexpensive. Staff thought up a school name, requested and got from the District of Columbia Corporations Division instructions for incorporating the for-profit school, and inquired with several major Washington area newspapers about placing an advertisement for the school.

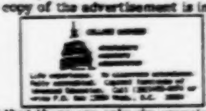
  Following the step-by-step instructions in the guide provided by the District of Columbia government's Corporation Division, the Subcommittee staff in one half hour drew up articles of incorporation for the Institute. The articles list as Capitol Institute's "campus" the address of one Subcommittee staff member's apartment, as its board of directors and incorporators three subcommittee staff, and as its first objective to provide "educational opportunities" and "educational guidance" to professionals in the metropolitan Washington area. Two original copies of these articles along with a $42.00 fee were required to be filed with the Corporation's Division. We learned that, simply as that, the Capitol Institute of Advanced Education could become an incoporated business.

  In an effort to increase the stature and legitimacy of its new institute of higher learning, the Subcommittee sought full accreditation for Capitol. Subcommittee staff telephoned several accreditation agencies listed as having endorsed known diploma mills to determine what would be necessary to gain endorsement for Capitol. At the other end of the telephone line of each these "accrediting bodies" were not live bodies, but answering machines, giving short recorded messages asking callers to leave a message. Messages were left by the Subcommittee in the name of Capitol Institute and within 6 hours staff received a call back from a Dr. George S. Reuter, Jr., President of the International Accrediting Commission of School, Colleges and Theological Seminaries based in Holden, Missouri. Dr. Reuter was told by a Subcommittee staff member that a new school was being started that was interested in becoming accredited. Dr. Reuter said that for a $200.00 fee Capitol Institute would be instantly be granted "pre-certification status" with the International Accrediting Commission. He asked no questions about the quality, degree requirements, faculty, or state licensure status of Capitol Institute. Dr. Reuter continued to say that full accreditation would cost an additional $660.00, including $50.00 for an official certification plaque. Dr. Reuter told the Subcommittee staff member that his Commission's services were comprehensive including a reference service for potential students, "registration" with the Library of Congress, expert guidance in setting up and operating the institution.

  Because of limited amount of funds available to the Subcommittee, it was decided to seek accreditation through another avenue — the incorporation of the Subcommittee's own accrediting body. To incorporate the North American Accrediting Agency, the Subcommittee would simply have to follow the same procedures for incorporation as explained above. Articles of incorporation for North American were drawn up listing the same Subcommittee staff members as its board of directors and incorporators as for Capitol Institute. In fact, the articles were identical to those drawn for Capitol Institute exclusive of the purpose of the corporation which was to "promote higher standards of education offered in private learning institutions" and "to promote higher standards of approval for accrediting bodies." Therefore, for the same fee of $42.00, along with two original copies of the articles of confederation, North American Accrediting Agency could become an incorporated business in the District of Columbia.

The Subcommittee learned that Capitol Institute of Advanced Education, Inc. would have to be licensed by the District of Columbia before it became an operational degree granting institution. To be in full compliance with the laws of the District of Columbia, the Subcommittee would merely have to incorporate another university in a State which did not have to have a license to grant degrees. The Subcommittee devised a plan to incorporate National University in Salt Lake City, Utah at a cost of $50.00. Since there are not State laws in Utah governing the operation of private institutions, National University could legally enroll students and grant degrees. In fact, National University could grant degrees based on the recommendations and referrals of Capital Institute of Advanced Education in Washington, D.C.. National University could also be fully accredited by the North American Accrediting Agency. Thus, the Subcommittee legally set up a system whereby it could seek out students, advise them of how they could obtain a degree from an accredited school, and grant degrees.

In order to test the market for degrees provided by diploma mills, the Subcommittee placed an advertisement for Capitol Institute of Advanced Education for three days in a prominent Washington area newspaper at a cost of $54.00. A number of inquiries were received from individuals interested in Capitol Institute. A copy of the advertisement is included below.



It should be understood that there are only six agencies that are acknowledged and accepted as having the authority to accredit colleges and institutions. For instance, Central Michigan University in Mount Pleasant, Michigan, and Bay de Noc Community College in Escanaba, Michigan are accredited by the North Central Association of Colleges and Schools.

Accrediting bodies for post-secondary education institutions are:

Council on Post-Secondary Accreditation (umbrella agency under which the following operate)
Middle States Association of Colleges and Schools
New England Association of Colleges and Schools
North Central Association of Colleges and Schools
North West Association of Colleges and Schools
Southern Association of Colleges and Schools
Western Association of Colleges and Schools

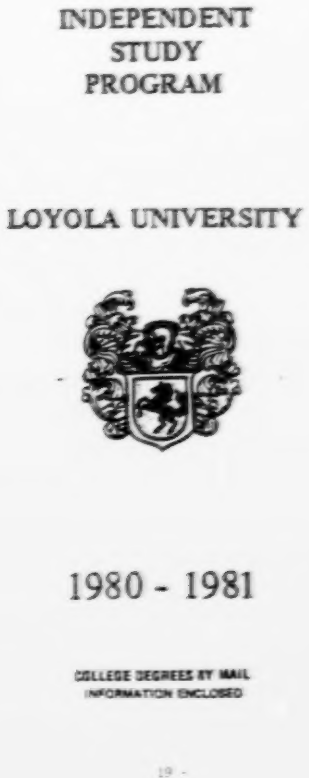
A listing of States under each of these groups' jurisdiction is included in the Appendix section of this report.

Bible schools, schools of chiropractic medicine, and other specialized institutions, because they grant only one type of degree, are not accredited by these central bodies, but by special accrediting boards whose job it is to monitor that particular discipline.

(2) **SOUND ALIKES.** The Subcommittee found that diploma mill operations frequently try to play off the name and reputation of a legitimate and prestigious college to lure potential degree-seeking customers. For example, following a response by the Subcommittee to an ad placed in an April edition of Popular Mechanics that offered degrees without attendance, we received a response to our inquiry stating that a PH.D. we were seeking could be purchased from the following: University of California at Berkeley; Clayton University in Clayton Missouri; Goddard College in Plainfield, Vermont; Beacon College in Washington, D.C.; the University of the State of New York

(sic!) and Union University of Los Angeles, California. Union University of California could easily be confused with one of the nation's most prestigious colleges, that is, Union College and University in Schenectady, New York, established in 1795. The Subcommittee eventually did choose to pursue a Ph.D. with Union University of California and the details of these activities are presented in greater detail later in this report.

The following ad is typical of mills that use the names of well-known schools to attract the attention of diploma seekers. In this instance, the promotion relates to degrees offered by Loyola University — not Loyola University of Chicago or Loyola University of New Orleans, but Loyola University of Paris, France:



INDEPENDENT
STUDY
PROGRAM

LOYOLA UNIVERSITY

1980 - 1981

COLLEGE DEGREES BY MAIL
INFORMATION ENCLOSED

19 -

The following are other mail order "degree granting schools" which the Subcommittee found to sound like the legitimate thing: Stamford University, not Stanford University; Cormell University, not Cornell University; Darthmouth, instead of Dartmouth; Boston City College, instead of Boston College; Northwestern College of Allied Science of Tulsa, Oklahoma, instead of Northwestern College of Evanston, Illinois; Cambridge University of Washington, D.C., instead of Cambridge University of Cambridge, England; Southwestern University of Tucson, Arizona and Columbus, Ohio, instead of Southwestern University of Georgetown, Texas; Thomas A. Edison College of Florida and Arkansas, instead of Thomas A. Edison College of Trenton, New Jersey; American National University of Phoenix, arizona and American National University of Miami, Florida, instead of American University of Washington, D.C.; Southeastern University, of Greenville, North Carolina, instead of Southeastern University of Washington, D.C.

- Even nontraditional schools get stung by impostor institutions, which try to trade on their good name. Take for example Thomas A. Edison State College of Trenton, New Jersey. Edison has awarded degrees to more than 5,000 persons, although it has no campus or classrooms. Credit is awarded for work or military experience, or students can take courses toward a degree at other campuses. Edison is not a diploma mill because its students must earn their credit, either through testing, interviews, or actual classes. At diploma mills, as noted earlier, credit is given just for the asking, and, of course, money. To the surprise of Thomas Edison State College administrators in Trenton, a diploma mill with a strangely similar name, Thomas A. Edison College, had been established in West Palm Beach, Florida. This Edison was shut down by the State after the school's legitimacy was questioned — and after several thousand diplomas had been issued. Its director, George C. Lyon, was fined and sentenced to prison. During the investigation of his fraudulent credential scheme, it was learned that he had also been practicing medicine without a license. (Subcommittee detail from the USPS, Thomas Bazley, interviewed Mr. Lyon earlier this year. His complete interview memorandum follows:

MEMORANDUM OF INTERVIEW

PERSON INTERVIEWED : GEORGE COOK LYON
PLACE OF INTERVIEW : 613-615 Second Street, Benton, AR
DATE OF INTERVIEW : May 15, 1985
TIME OF INTERVIEW : 9:15 a.m. - 11:40 a.m.
INTERVIEWED BY : T. Bazley

It was explained to Dr. Lyon (he prefers to be addressed as doctor although no conclusive evidence of a legitimate doctoral degree in any field was provided during this interview) that the purpose of the interview was to gain a comprehensive understanding of his activities, especially those which led to his recent prosecution. It was further explained that the House Subcommittee on Health and Long-term Care is examining the issue of fraudulent professionals, and that his activities suggest that he might have some insight into this area. He was also told that he might be asked to testify at a Congressional hearing during which he would be asked to explain circumstances surrounding his arrest and conviction for mail fraud.

Dr. Lyon claims he will be 81 years old in September 1985. He appears to be in good health, but claims to be suffering from high blood pressure and skin cancer. He was very alert and very well spoken during the interview. He was dressed in a lavender clergyman's collared shirt and wore chains with crucifixes attached around his neck. This dress is indicative of his religious affiliation which will be discussed below.

Dr. Lyon was asked to provide a short biographical sketch of his educational and employment background. During this discussion numerous inconsistencies were noted, especially regarding his educational background. He claims to have received his undergraduate education at Boston University (he wears a Boston University ring). However, a biography (Who's Who in Health Care, Hanover Publications, New York, 1977, Library of Congress No. 77-79993) he showed me did not indicate this. The biography listed his BS to be from Midwestern University, a school he admits to being a diploma mill and a MBA from Boston University. He said he did graduate from Boston University, but he listed the Midwestern University degree by some type of mistake. The biography also lists a MD from Inter-American University in Mexico, a DO from Oklahoma University, and a Ph.D from Midwestern University; no mention was made of a University of London degree which is discussed below. He claims he attended the Oklahoma school because he thought they would give him a MD for his DO training. He said his degree from Inter-American University was legitimate.

As alluded to above, Dr. Lyon claims he obtained a Doctor of Osteopathy degree (DO) from the University of London. He also claims he received education and training at 19 legitimate schools throughout his career. Instead of pursuing a traditional post-graduate medical training program, he said he decided to pursue psychotherapy training with William Jennings Bryan, Jr., a relative of the famous orator. He said he and Bryan thereafter enjoyed a long relationship, first as student/ teacher and then as professional equals. Following his training with Bryan, he taught and practiced psychotherapy in New York City under the name Gracie Institute until 1969 when he retired.

Upon retirement to Florida, he started a small practice and was encouraged by an associate, Paul Morris, to establish a university without walls. Accordingly, they reactivated a previous school, Thomas A. Edison College of Ft. Myers, FL, in West Palm Beach, FL. A printed history of the school Lyon provided showed him, Morris, and William Jennings Bryan, Jr. on the faculty, among others.

In 1972, after awarding 150 - 200 degrees from Edison, Lyon said the State of Florida asked him to discontinue the operation. Initially he said this action was brought about by insurance fraud allegations leveled against him by Morris. Upon further questioning, however, he admitted that the State had raised questions about the nature of the school which caused him to discontinue. He mentioned that woman in the Palm Beach County Consumer Affairs office carried out a vendetta against him. He did not admit to any prior arrests resulting from contempt charges for violating injunctions against the continued operation of the school. He did state, however, that Florida charged him with practicing medicine without a license, but he said the charges were eventually dropped.

Lyon said that Lawrence Mitchell Weinberg contacted him because of his listing in the Men of Achievement publication (1975). Lyon claims that Weinberg must have been impressed with his credentials (more likely Weinberg was impressed with Lyon's list of phony degrees). Weinberg proposed that he sell memberships in Lyon's various professional organizations to graduates of his medical school and that Lyon, in return, would receive remuneration for this. These organizations included the following:

The Academy of Behavioral Science, Inc.
American Board of Examiners in Psychotherapy
Association for Social Psychology
Palm Beach Psychotherapy Training Center, Inc.
The Order of St. John of Jerusalem, Inc.
Florida Psychoanalytical Institute, Inc.
American College of Clinic Administrators

Lyon said he agreed to this arrangement, but Weinberg never remitted any fees to him. As a result, Lyon stated that Weinberg owed him $10,000 - $20,000.

Subsequently, Weinberg told Lyon he could sell United American Medical College of Canada degrees (UAMC-Canada) at $500 each to make up for this loss. Weinberg told him that he would refer his UAMC-New Orleans graduates to him to obtain a UAMC-Canada degree. The New Orleans school was shut down as a fraud (via 39 U.S.C 3005 proceedings) and the degrees were viewed as worthless. Weinberg told Lyon that the Canadian school was legitimate, and that he had a letter from the World Health Organization (WHO) which stated that UAMC-Canada was a bonafide institution. Initially, Lyon said he believed Weinberg concerning the legitimacy of UAMC-Canada and the WHO letter. However, he eventually admitted that he saw the sale of these degrees as a way to rectify the debt owed to him by Weinberg and he said he realized it was unlawful for him to sell these documents. Nevertheless, he said he did not feel he was putting the public in danger because the holders of these degrees still had to do residencies and obtain a license to actually practice.

It was the sale of these degrees (20 total in 1982) that caused him legal problems and he served one year in a federal penitentiary in Ft. Worth, TX as a result. He said he would have fought the charges, but he did not have $70,000 in legal fees to do this. Consequently, he pled guilty. He is currently on three years probation which requires only periodic reports to a probation officer.

In 1981, Lyon relocated to Arkansas because he understood Arkansas law would allow him to license naturopathists and homeopathists (most likely he also moved to Arkansas because of the pressures being brought by the State of Florida). He incorporated an organization known as Arkansas Naturopathic Homeopathic Board, Inc. for the purpose of "licensing" naturopathists and homeopathists. This licensing was not a state approved function and the State Medical Board eventually ordered him not to issue any licenses to practice these types of treatment.

Lyon admitted he recently sent credentials from one of his old professional organizations to a Ronald Chauncey Wilson, but minimized this by saying he was only servicing old students.

Lyon stated his religious affiliation grew out of his providing psychotherapy training to clergymen. After he retired to Florida, he personally became more active in the Episcopal church. He eventually started his own branch of the Episcopal church because of a disagreement he had with the traditional Episcopal church. This disagreement centered on his desire to put psychotherapy clinics in churches and train Episcopal clergymen to be psychotherapists. His new church is known as the Holy Episcopal Church of America. There are 39 churches of this denomination throughout the country and he is the archbishop. He does not know how many total members there are because each church operates independently. His function is simply to ordain new clergymen for which he charges a fee of $50 to $100. Psychotherapy training is a requirement for ordination and Lyon, until recently, provided this training. Now, however, this training is being provided by Dr. J. Roy Stewart, of the Baptist International School of Theology, P.O. Box 335, 6909 Livingston Road, Oxon Hill, MD 20745 (301/567-1918). Stewart is a graduate of Lyon's training program and charges $300 for resident training or $200 to get a license and certificate via examination.

Following this discussion at his residence, Lyon took me to his office in the adjacent church building (which he is trying to sell). His office walls are covered with various diplomas and certificates, some of which he admits are worthless. The authenticity of some of his other certificates and credentials are not known. These relate largely to alleged training and membership in hypnosis and psychotherapy. I did not see a degree from Boston University or the University of London.

At the conclusion of our meeting, I explained to Lyon that we may invite him to testify at a hearing in Washington, DC, which would be held no earlier than June 1985 and that we would pay for his travel expenses. I also explained that we would help him prepare a statement which detailed his sale of UAMC-Canada degrees and his subsequent arrest and conviction. He said he would be glad to testify if it would be helpful to the subcommittee, but he left open the possibility that his health problems might prevent him from doing this. He said he would evaluate his ability to travel once we decide on a hearing date.

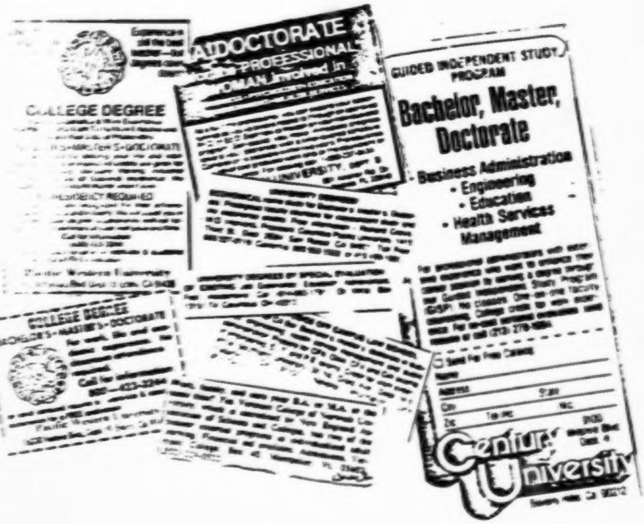
(3) LIFE EXPERIENCE. Advertisements contain phrases like, "You Did It, You Deserve It," or "You Didn't Do It, But You Deserve It," invariably are the footprints of the latest and most popular non-traditional credentialing rage: degrees based on life experience. Life experience degrees, simply explained, are those which are promoted and conferred on the basis of what a person supposedly already knows and can demonstrate — regardless of where and how the knowledge was acquired.

A classic example of how an unearned degree can be acquired by this method can be found in the personal experience of Claude Pepper, Chairman of the House Select Committee on Aging's Subcommittee on Health and Long-Term Care and recent doctoral degree recipient from one of these diploma mills. The following ad, which appeared in the April 1985 issue of Popular Mechanics, seemed too good to be true:

> **UNIVERSITY DEGREES BY SPECIAL EVALUATION OF EXISTING Job Experience, Education, Achievement. Fast. Inexpensive. Call (614-863-1791). Or Write: Box 13151-T4. Columbus, OH 43213**

Its curiosity aroused, the staff of the Subcommittee on Health and Long-Term Care responded to the ad and launched what, in effect, would be a nine-month paper chase. The goal was the procurement of a Ph.D. degree in psychology for Subcommittee Chairman Claude D. Pepper. The path led from an educational brokerage firm (whose "Senior Guidance Consultant" was later jailed for mail and wire fraud) in Columbus, Ohio, to the "International Alternative Degree Program for Mid-Adults" at Union University in Los Angeles. On December 4, 1985, after tendering $1,810 and completing four short book reports on Plain Speaking, The Power of Positive Thinking, Too Old, Too Sick, Too Bad and Mental Health and the Elderly, we were notified that C.D. Pepper had been awarded a Ph.D. in psychology. The summary of this investigation is presented in greater detail in Section IV of this report.

Advertisements typical of "life experience" degree offerings follow:



COLLEGE DEGREE

DOCTORATE

PROFESSIONAL

WOMAN Involved in

GUIDED INDEPENDENT STUDY PROGRAM

Bachelor, Master, Doctorate

Business Administration
• Engineering
• Education
• Health Services Management

COLLEGE DEGREES
BACHELOR'S-MASTER'S-DOCTORATE

Century University

Other examples include:

- Mr. John Davis, who was one of the few dissatisfied customers the Subcommittees encountered in the course of their investigation. Davis, a man with 10 years' experience in law enforcement, decided he would have a better chance for promotion if he had a bachelor's degree. He talked to officials at Southwestern University, and sent his resume, certificates of attendance for several seminars he had attended, and a check for $825. His diploma and a transcript (for classes he never took) arrived but did him little good when his boss would not accept the degree from Southwestern.

- In one case, an elementary school principal in Edgewater, Illinois thought it was a bad joke when he was informed that the Ph.D. degree he had received in elementary education from Southwestern University one year earlier was a fake.
  In many instances, people going for mail order degrees do no work at all — perhaps a short book report. Mr. Napal, however, had submitted a great deal of information on his past and current life experience, as well as a check for $1,050. In return, he received a degree, a degree which was no more than a piece of paper, not recognized by the State department of education.

(4) GOOD AS NEW OR BETTER: REPLACEMENT DEGREES. One of the most profitable replacement degrees scams was run by Dennis Gunter of Grants Pass, Oregon. Gunter sold fake college degrees not only from legitimate schools but from diploma mills as well. He offered two types of degrees — the first, from reputable universities, sold for $49.95. The second, from the more prestigious institutions, could be obtained for an additional $25.00.

His operation uncovered during the FBI's "Operation Dipscam," Gunter was prosecuted by a U.S. Attorney. He was convicted of mail and wire fraud and is now serving five years in a Federal penitentiary. Gunter violated Federal mail fraud statutes by placing deceptive ads in publications transported by the U.S. Postal Service. These included such well-regarded magazines as Psychology Today, Science Digest and Rolling Stone.

- Respected journalist Patrick McQuaid became interested in the topic of phony degrees and decided to try gaining one of his own. He first learned of Dennis Gunter's operation after reading his advertisement, which appeared in such diverse publications as Science '83 and The National Enquirer. McQuaid soon set out on his own investigation into fraudulent credentials and, during the course of his research, learned that several others were doing the same thing. One of these was FBI Special Agent Allen Ezell. Ezell and McQuaid both decided to obtain degrees from Gunter. Ezell, it should be noted, had already earned 16 advanced degrees in the first two years of "Operation Dipscam," the Bureau's intensive investigation of phony diplomas. Several of his degrees were doctorates — two were M.D.s. Through Dipscam, 42 schools had already been investigated and shut down. McQuaid sent his check to Gunter's business, Alumni Arts, and received a phone call shortly thereafter from a man who casually identified himself as "Dennis from Alumni Arts." McQuaid tricked "Dennis" into giving him the phone number of Alumni Arts by saying he was on his way out and could he call back in the morning? McQuaid requested a Ph.D. in engineering from Harvard. When he received the degree, McQuaid told Gunter that his brother-in-law ran a small accounting business but could probably move 100 Ph.D.s a week on the side. He gave Gunter the name and phone number of Mr. Snyder (actually Ezell). Gunter contacted him. Snyder went to pick up the degrees from Gunter and served his wife with a warrant for the arrest of her husband. Gunter was at the printing shop at the time, producing degrees, it is thought. He promptly returned home when he learned about the papers being served. Later, it was learned that Gunter had information on some 2,311 clients on his computer, and over 300 universities were also listed on the disk.

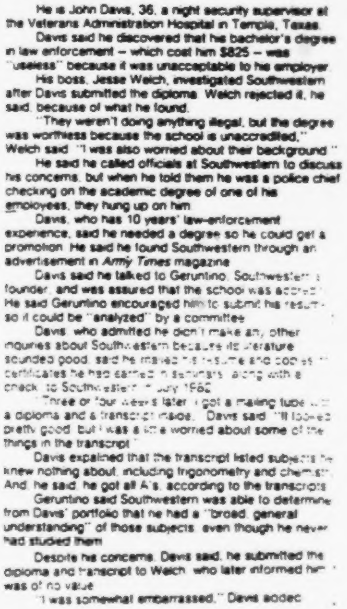
- In one case, an emergency verification of credentials was required because a particular engineer was to be sent abroad the next day. The engineer maintained that his original diploma had been lost, and that the one on file was a replacement. A number of inconsistencies emerged, including the fact that four people had signed the diploma. For the year of its supposed issuance, only three people signed diplomas.

(5) **NO STRINGS ATTACHED.** Advertisements for credentials operations of this sort invariably use promotions like, "Earn a Doctorate at Home, Inexpensively and Cheap," "Check Us Out," "Competition Is Not a Factor," "Your Education Is As Close to

You as Your Mailbox," "You Can Start Your Course or Program at Any Time of the Year and Work at Your Own Pace," "You May Work as Slow or Fast as You Feel Necessary, Your Speed of Course is Not Regulated By That of a Class," and "You Will Receive Prestige, Promotions and Salary Increases with Additional Visibility of Your Personal Academic Achievements." The common denominator is that getting a degree via this route is simple, easy, cheap and profitable.

What isn't mentioned in most ads for this type of promotion is that the degree is usually not worth the paper it's printed on.

- **Take for example the 1983 case of John Davis, 36, a night security supervisor at Veterans Hospital in Temple, Texas, who cut the corners of traditional education by pursuing a bachelor's degree inlaw enforcement for $825. The following article from "Diploma Mills: The Paper Merchants" in a 1983 publication of the Arizona Republic, describes this "no-strings attached" credential mill:**



He is John Davis, 36, a night security supervisor at the Veterans Administration Hospital in Temple, Texas.

Davis said he discovered that his bachelor's degree in law enforcement – which cost him $825 – was "useless" because it was unacceptable to his employer.

His boss, Jesse Welch, investigated Southwestern after Davis submitted the diploma. Welch rejected it, he said, because of what he found.

"They weren't doing anything illegal, but the degree was worthless because the school is unaccredited," Welch said. "I was also worried about their background."

He said he called officials at Southwestern to discuss his concerns, but when he told them he was a police chief checking on the academic degree of one of his employees, they hung up on him.

Davis, who has 10 years' law-enforcement experience, said he needed a degree so he could get a promotion. He said he found Southwestern through an advertisement in *Army Times* magazine.

Davis said he talked to Geruntino, Southwestern's founder, and was assured that the school was accredited. He said Geruntino encouraged him to submit his resume so it could be "analyzed" by a committee.

Davis, who admitted he didn't make any other inquiries about Southwestern because its literature sounded good, said he mailed his resume and copies of certificates he had earned in seminars, along with a check, to Southwestern in July 1982.

"Three or four weeks later I got a mailing tube with a diploma and a transcript inside," Davis said. "It looked pretty good, but I was a little worried about some of the things in the transcript."

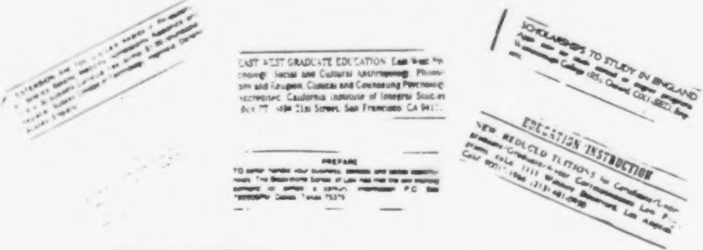
Davis expained that the transcript listed subjects he knew nothing about, including trigonometry and chemistry. And, he said, he got all A's, according to the transcripts.

Geruntino said Southwestern was able to determine from Davis' portfolio that he had a "broad, general understanding" of those subjects, even though he never had studied them.

Despite his concerns, Davis said, he submitted the diploma and transcript to Welch, who later informed him it was of no value.

"I was somewhat embarrassed," Davis added.

Advertisements for "No Strings Attached" credential mills run the gamut:



EAST WEST GRADUATE EDUCATION. East West [illegible] Social and Cultural Anthropology, [illegible] and Religion, Clinical and Counseling Psychology. Accredited. California Institute of Integral Studies, Box [illegible] 21st Street, San Francisco, CA 941[illegible]

PREPARE

SCHOLARSHIPS TO STUDY IN ENGLAND

EDUCATION INSTRUCTION

NEW REDUCED TUITIONS for [illegible]

Other examples follow:

- Edwin Seger, who had worked at Bryce Hospital in Tuscaloosa, Alabama, as a psychologist for 12 years, was fired because he was unable to provide hospital officails with proof that he earned a doctorate degree. Bryce Hospital, Alabama's oldest and largest facility for the mentally ill, was contacted by the State Attorney General's office, who had received Segar's name following a U.S. Justice Department investigation of a mail order diploma firm called Alumni Arts. Alumni Arts, based in Grant's Pass, Oregon, is alleged to have advertised for about $35 or $40 diplomas from universities around the country. Seger did have a B.A. degree from Syracuse University, "but that's it," said Alan Dennis, public relations director at Bryce. Seger did attend Arizona State University, where he claimed his doctorate, but never completed a degree.

- In 1985, Robert Billings, previous past executive director of the Moral Majority and previous official in charge of the U.S. Department of Education's 10 regional offices, was found to be the holder of a degree from the Clarksville School of Theology, a diploma mill in Clarksville, Tennessee. The school was closed by the Tennessee Higher Education Commission because "its programs didn't meet the commission's minimum requirements for a college." Although Billings was a political appointee and therefore not subject to specific educational requirements, it is common for top agency officials to hold the highest possible degrees in their fields. Billings was listed as the top graduate in his Clarksville class (out of nearly 100), even though he attended only one day of classes. He stated that his degree was "not as high a quality degree as I would have liked, . . . but there's something inside a man more valuable than a college degree."

- Elysion College of Liberal Arts is based in Mexico but operates from a post office box in San Francisco. Its catalogue boasts that "Studying is truly independent." In truth, studying is truly nonexistent. The Elysion catalogue lists no telephone number, no college officials. The catalogue also dispenses with other traditional elements of a college education — "No classes or lectures. No meetings with an instructor, tutor or proctor." But there are charges: $275 for an associate degree; $550 for a bachelor's and master's; and $450 for a doctorate. The college does have some features "similar to those used by all colleges" — car decals and parchment diplomas ("any date of your choice"), for example. The school is not licensed by the California Department of Education, nor is it accredited by any official accreditation agency.

- Clyde R. Price, Jr. of Jourdanton, Texas, received a bachelor's degree in electronic engineering from Southwestern University in Arizona, although he was given no tests and did not take correspondence courses. Price, a senior instrument technician at an electric commpany in Jourdanton, Texas, passed solely on the basis of work experience and credits he earned "from various schools over a lot of years." He said he hadn't decided what to do with the diploma, which cost him more than $800. "But I plan to do something with it in the future," he said. "I can say that I didn't have any problems with Southwestern and I think I got a fair shake."

C. SELF-PROCLAIMED CREDENTIALS

Self-proclaimed credentials are exactly what the name suggests — credentials that exist only in the mind of the holder. They are nothing more. Such credentials are not earned. They are not conferred. They are not purchased. They are fabricated. Self-proclaimed credentials, the Subcommittees found, range from simple resume manipulation to gross exaggeration of occupational competence and expertise. It goes without saying that the costs associated with such misrepresentation can range from inconsequential to life-threatening.

The Subcommittees found that self-proclaimed credentials are manufactured with relative ease, ranging from simply assuming the legitimate academic credentials and identity of another individual at the one end of the spectrum to mild exaggeration and inflation of expertise in resumes at the other end. While in the case of the former example, occurrences are infrequent, resume manipulation occurs with astounding frequency. The Subcommittees learned from leading U.S. employment experts that about 30 million of the nation's 100 million working people have fabricated the extent of their qualifications for the job they are currently performing. That means, that about one in every 3 workers have embellished their credentials or resumes in order to secure employment in the United Staets today.

We all know of someone whose resume has been inflated — altered grade point averages, length of time on the job, reasons for leaving. Finding the "right" job has become more and more difficult in recent years. Job opportunities are more scarce, as evidenced in Section II of this report, and employees are carefully scrutinized. Job-seeking candidates are therefore more apt to anticipate employer concerns and adjust their resumes as a way of resolving hiring obstacles.

In a 1983 Time interview, Jeremiah McAward, President of a New york City agency that investigates the backgrounds of potential employees for various companies, noted, "Of the thousands of resumes we investigate, there are outright lies on 22%."

Equifax, Inc., of Atlanta, a large credit-reporting company, notes a recent "huge increase in falsifying or seriously embellishing resumes."

In the same Time article, Paul Barada, who prepared reference reports at Barada Associates of Rushville, Indiana, commented, "People are running a little more scared and think they need the edge." Time cited the upgrading of a B.A. to a Ph.D., changing an obscure alma mater into a first-rate college, or simply faking an undergraduate degree, as the most popular forms of deception.

The case of Abraham Asante is certainly the worst kind of example of an individual practicing on the basis of fabricated credentials. A summary follows:

> Abraham V. K. Asante is currently serving a twelve-year sentence for aggravated assault at Otisville Federal Prison.
>
> Asante came to the United States from Ghana in 1968. He became a naturalized citizen in 1978. He posed as a medical student or doctor for almost 15 years, from 1968 through 1983.
>
> Asante has applied for a number of medical positions in that time and provided at least three different sets of transcripts, recommendations, etc., which overlap and are at times contradictory. Among the documents he provided to various prospective employers was information showing that he: (a) studied for and became a nurse-anesthetist; or (b) at the same time became a doctor in Ghana; or (c) graduated from Charles University's Medical School in Prague, Czechoslovakia. The real answer appears to be (d) none of the above.
>
> We do know that for most of the period from his entry into the U.S. until 1974, he was able to enter various clinical and resident medical training programs in inner city hospitals in New York City. None of these positions required a medical license. They all required, of course, that the applicant either complete at least two years of medical school or, in some cases, complete four years of medical school.
>
> In 1974, Asante applied to take the Educational Council for Foreign Medical Graduates (ECFMG) test. In

theory, passage of this test was a prerequisite for any foreign medical school graduate's eligibility for a hospital residency position and a prerequisite for applying for State licensure.

Asante provided his Czech credentials to the ECFMG. The ECFMG became suspicious and wrote the Czech Embassy for assistance. The Czech Embassy replied in September 1974 that Asante's credentials were a forgery. They had been issued 12 years later than claimed, to another citizen of Ghana. The ECFMG then refused to let Asante take the exam. They also advised two New York hospitals where he had applied for internships and the Department of Investigation of the American Medical Association that Asante was a fraud.

This should have been the end of Asante's medical career but, incredibly, it turned out to be only a minor setback. Instead of working as an intern at the two hospitals that checked his credentials, he went to work for the military as a full-fledged physician, ultimately rising to Chief Medical Officer, charged with instructing other physicians. He left that position in April 1976. Asante then appears to have enrolled in a wide variety of continuing education courses for doctors, at Columbia and New York University Medical Schools.

In 1977 and 1978, Asante appears to have been employed by the Nassau County (NY) Medical Center, and from 1978-81 at the Brooklyn Jewish Hospital.

Perhaps emboldened by his success, he applied for a position at the National Institutes of Health. He was hired as a Medical Fellow at $30,000 a year and assigned to the Baltimore Gerontological Center of the National Institute on Aging. Although NIH, like Asante's previous employers, never checked Asante's credentials, they did release him after six months because he could not produce the prerequisite State medical license.

Asante then applied for and was accepted as staff anesthesiologist at Walson Army Hospital in Fort Dix, New Jersey. He assisted in approximately 70 operations before his odyssey came to an end on August 25, 1983 — almost 9 years after he was discovered to be a fraud. On that date, he administered anesthesia to 47-year-old Joseph Branda. Branda's heart stopped and Asante did not notice for four minutes. By the time the authentic physicians present started Mr. Branda's heart again, he had suffered irreparable brain damage. Mr. Branda will remain in a "persistent vegetative state" for the rest of his life.

Promptly after this incident, the U.S. Attorney in Newark, New Jersey, with the assistance of the Federal Bureau of Investigation, brought Asante to trial where he was convicted.

(1) THE SWITCH. In the absence of any bona fide credentials or recognized expertise, jobseekers oftentimes merely assume the identity and/or academic credentials of another individual, the Subcommittees found.

Take the case of Paul Arthur Crafton, a former George Washington University engineering professor. Crafton pleaded guilty to charges he used false identities and resumes in applying for teaching positions at Shippensburg and Millersville State Colleges in Pennsylvania. He has allegedly used dozens of aliases and has been dubbed "the mystery professor."

Crafton's identities were Dr. Peter Hector Pearse at Millersville and Dr. John Byron Hext at Shippensburg. Pearse was said to be a professor at the University of British Columbia, and Hext was thought to hold a post at McQuarie University in Australia. At George Washington, Crafton used his real name. He has a doctorate in engineering, and also holds two other degrees.

Crafton cited the failing health of his child, and resulting medical bills, as the reason for the scheme. The rest of the details of his life are being withheld pending publication of his book, which will be entitled Mystery Professor.

Other examples of this form of self-promoted credential include:

- An infamous case, reported by Princeton University, involving a graduating senior who ordered multiple copies of a computer form which was a facsimile of the computer form used by the Office of the Registrar for printing transcripts. The case is currently an open file with the local police department.

- Emory University tells of one case in which an individual "borrowed" the diploma and a copy of the transcript of a "friend" and Emory graduate. He altered the transcript to look as if it were his and attempted to have the diploma reproduced bearing his name instead of his friends. A printer in North Carolina called the office to question whether this reproduction request was okay with the University. Of course, they said it was not and they initiated an investigation. The "friend" whose diploma was being used was informed and quickly confronted the borrower. No legal action was taken.

- In November of 1981, the registrar's office at a southern university received a call from a local seal and stamp manufacturer asking a question about an order a "Mr. Hampton" of our office had placed with his firm. There was no "Mr. Hampton" associated with the school's office. Since the signature stamp of the registrar was involved, the school began an inquiry into the situation. Two weeks of "detective work" yielded the following: The perpetrator, wishing to forge a transcript from Emory University, obtained an official transcript of a former student at emory. He did this by mail, representing himself as the former student, but giving his own post office box as the address to which to mail the transcript. Upon receipt of the transcript, the perpetrator contacted a seal and stamp company, representing himself as "Mr. Hampton" of the Emory Registrar's Office, and made arrangements to have stamps and a seal made. Surprisingly, the stamp and seal company did not question this — usually a purchase order would be needed — and proceeded to make these for the perpetrator. Only by chance did we catch this before the stamps and seal fell into the wrong hands. A question about the type style by one of the stamp and seal company's workers made us aware of the situation. Needless to say, the stamp and seal were confiscated. Evidence was collected and turned over to the University's legal counsel. Legal counsel decided to submit the case to the county attorney's office. Things deteriorated rapidly. The perpetrator lived in one county (where the original transcript belonging to another student was sent), the University is in another county, and the stamp and seal company is in a third county. This confusion for the D.A.'s office, along with the fact that the D.A. was swamped at the time by the now famous Wayne Williams "child murder cases," brought only long delays. After about eight months (August 1982), it was decided by the D.A.'s office that not much could/would be done on their part and if the University wished, it would pursue the case further. It became a dead issue.

- An unusual case in California involved a gentleman who appropriated not just credentials but another's name. Gerald Barnes, a one-time Chicago pharmacist, was arrested for using the medical license number and credentials of an orthopedic surgeon also named Gerald Barnes. At the time, the imposter Barnes was working as a "physician" at a family practice clinic in East Los Angeles. He had been arrested in 1979 for the same offense after mistreating a man with acute diabetes. He was sentenced to three years in a California state prison, but was paroled.

- Another California case involved Dr. Sterling Howard Smith, who was arrested for posing as a psychiatrist. Smith was apprehended after prescribing a dose of potentially lethal pills to a woman with a history of suicide. She later overdosed on the pills and died. "Dr. Smith," a.k.a. Patrick A. Dixon, was charged with forging prescriptions as well as practicing medicine without a license and grand theft. Authorities later learned that the real Dr. Smith was practicing in Tacoma, Washington, and that Dixon had been his college roommate. Dixon had attended medical school for a while, then dropped out. At the time of his arrest, he had a caseload of more than 300 patients.

- A transcript submitted to the American Medical College Application Services was returned to a university for verification. It was determined that the first two pages were indeed falsified information, whereas the last two pages were valid. AMCAS confronted the student with this information and he withdrew his application. The University has not heard from the student — no further action has been taken.

(2) **PRACTICING WITHOUT A LICENSE.** As will be noted in Section VII of this report, there are approximately 700 professions in the United States which require licensing in one or more States. However, only the following 20 occupations are licensed in all of the States: Accountant, Architect, Attorney, Barber, Chiropractor, Cosmetologist, Dental Hygienist, Dentist, Insurance Agent, Licensed Practical Nurse, Optometrist, Osteopath, Pharmacist, Physical Therapist, Physician/Surgeon, Podiatrist, Primary School Teacher, Real Estate Agent, Registered Nurse, and Secondary School Teacher. The Subcommittee found numerous incidences in which individuals with bona fide credentials are practicing without the benefit of a license, in many instances because their licenses have been revoked or because their degree does not meet specific State licensure requirements. For example, the State of California is currently not licensing any graduate of a foreign medical school as of 1984. Therefore, to be practicing medicine in the State of California, on the basis of a foreign-obtained credential, would be illegal.

Doctors who lose their license in one State regularly set up practice in others with ease, according to U.S. Postal Service officials. Other problems thwart efforts to remove unlicensed physicians from their practices — lax discipline of unfit doctors, poor reporting between hospitals, boards and regulators, and scant disclosure to the public. Military and State institutions, and some Federal agencies such as the Veterans Administration, become havens for doctors who have lost licenses or have questionable credentials.

The American Medical Association has been screening the medical licenses held by the 17,000 full- and part-time Veterans Administration doctors. The screening has revealed that at least 49 doctors whose licenses have been revoked, suspended or restricted are working for the Veterans Administration. The screening was initiated after a number of VA doctors were found to have improper credentials, or failed to reveal they had been disciplined by State boards.

The screening is an example of the attention being focused on medical discipline because of recent publicity regarding the sale of medical degrees and doctors with impairments who are not caught by the disciplinary system.

Clearly, the practice of any profession without a license is lamentable. In the medical professions, it is perhaps worst of all, the possible side effects being disablement or death. The classic example of an individual making a profitable living in a medical profession without the benefit of licensure can be found in the case of Ebrahim Sadeghy.

- Sadeghy, a California man, posed as a heart surgeon. Mr. Sadeghy committed the most heinous of crimes —representing himself as a physician, he urged 84-year-old Myrtle Reid to stop taking her medication. Sadeghy maintained he knew how to cure heart disease without medicine. Her health deteriorated rapidly and she finally died. Adding insult to injury, Sadeghy ingratiated himself to this woman, who was without other family, to the point she adopted him and wrote him into her will. When she died, she left her estate, including her $150,000 home, to Sadeghy. Fortunately he was not able to gain control of the $400,000 trust fund that Reid and her late husband had set aside to start a medical research foundation. Although he denied advising her to drop her medication, Sadeghy clearly was trading most blatantly on his fraudulent M.D. degree. He wore identification tags that said, "Ebrahim Sadeghy, M.D.," had diplomas from "medical schools" displayed on his walls, and his car had license plates bearing "M.D." He also carried a beeper, dressed in surgical greens and insisted that he be introduced as a doctor. He even managed to fool several of the numerous wives he has had since moving to the U.S. from Iran in the 1970s.

- Lawrence Smith, a 38-year-old man, posed as a dentist to gain employment at a dental clinic in Nanuet, New York, for almost a year. During that time the phony dentist treated 20 patients, including installing braces and performing other complex tasks, although he had never attended dental school. He did have one year of medical school. Smith was indicted on charges of practicing orthodontics without a license including 19 counts of unauthorized practice of dentistry, a felony punishable by up to four years.

- Gary Robinson went to work for a respected South Florida psychiatrist armed with an impressive resume: Degrees of bachelor of science and doctor of medicine from Columbia, a doctorate in biochemistry from Stanford, an internship at Stanford Medical Center. He obtained staff privileges at two hospitals and gave psychiatric treatment to at least eight patients. Then one of the hospitals checked his records and the bubble burst — Robinson held none of the degrees claimed. The medical authorities were surprised, but so was Robinson's wife. "She thought she was married to a doctor," Robinson's lawyer reported. Equally startled were the young man's parents, who had helped him with school expenses. Though Robinson had audited classes for years, he had not enrolled as a student, and he had falsified much of his resume — even his birthplace. At last report, he was awaiting trial on charges of practicing medicine without a license and unlawfully using the title "doctor of medicine." "He just wasn't happy being himself," observed his lawyer. "He became a whole other persona."

- Kenneth Haynes, 29-year-old accountant from New York, was arrested on charges of impersonating a doctor and treating patients. Wearing a traditional white physician's coat and hospital I.D. and carrying a stethoscope, Haynes treated 13 patients in one day in the emergency room at Lincoln Hospital in the Bronx. He was caught after nurses noticed his patient charts were not medically correct, and that they contained such entires as "sewed them up" instead of "sutured." Mr. Haynes explained his presence in the emergency room at Lincoln Hospital by saying he had been assigned there by another hospital department.

- Carole Ann Lott, 43, was sentenced by a Federal judge for posing as a nurse in a Hampton, Virginia, Veterans Administration hospital. She was sentenced to five years in prison and forced to repay the government $106,694 she received in salary during her four years there. The judge had harsh words for her crime: "A spontaneous act, to rob a bank, Mrs. Lott, is one thing. Conniving over a period of years to dupe not only one health institution but others is something else." He referred to her employment at two other hospitals before she began working at Hampton in 1980.

- Reverend Edward William Brandt III, who served as pastor of a Baptist church, was arrested for representing himself as a psychologist and practicing psychology without a license. He was discovered when it was found that he had not earned the three advanced degrees he claimed, nor had he ever served as a psychology consultant at four clinics and hospitals.

- An Illinois woman lost a nursing job in 1983 after a series of incidents that included a self-inflicted stabbing. She surrendered her Illinois license after being investigated for more than a year. During that investigation, however, a dozen patients died during a two-week period while she was the overnight supervisor of a Florida nursing home. She was dismissed from that job a few days before losing her Illinois nurse's license, following an incident in which she claimed to be stabbed by a prowler. She later underwent psychiatric treatment.

- An employee of a Georgia hospital, charged with dispensing drugs illegally, claimed several degrees from Emory University. This person had in fact never attended the school. The University was called to testify at this trial. The individual was charged on 14 counts, including practicing medicine without a license, violation of the State controlled substance act, and violation of the State dangerous drug act. The individual was found guilty on all counts.

- Gilles Hendrick, falsely claiming to be a New York State licensed physician, illegally obtained employment and treated patients from 1980 to November 1983. Hendrick, using a medical license number which did not belong to him, also filed a false Medicaid provider form with the New York State Department of Social Services. Hendrick illegally obtained employment and treated patients at Greenpoint Hospital and St. John's Episcopal in Brooklyn, and later at Harlem Hospital Center in Manhattan. Hendrick jumped bail and was a fugitive at the time the Subcommittee learned of his case.

- Rosemary Furman, a Florida secretary whose do-it-yourself legal forms made her a popular heroine, was granted clemency from a 30-day jail term for contempt of court after refusing to stop dispensing legal advice without a license. In 1976 she began a business called "Northside Legal Services," putting together packets of court forms for simple wills, uncontested divorces, name changes, adoptions. The Florida Bar got a court order to make her stop the practice, contending she was actually advising clients, not just helping them fill out forms. Furman contended she only wanted to help battered women, abandoned spouses, homeless children and other poor people handle custody or property matters without paying an attorney. After she was featured on "60 Minutes," Ms. Furman became a popular cause. Her fight has led to several reforms, among them the streamlining of procedures for simple, uncontested divorces.

(3) **PRACTICING WITHOUT A DEGREE.** In a Subcommittee survey of all State Medical Boards in 1984, we were told that cases of individuals practicing without any bona fide medical training were numerous and noted in all States. In general, the States told the Subcommittee they received more complaints regarding individuals practicing medicine with no degree than about individuals practicing on the basis of a falsified or brokered credential. Examples of professionals practicing without the benefit of a degree are numerous and cut across the occupational spectrum. The following are examples of more notable instances, including the case of a D.C. auto mechanic who decided he wanted to practice law in spite of the fact that he never attended a day of law school in his life.

- Charles W. Giles, an auto mechanic who fooled judges, attorneys and clients by masquerading as a lawyer in Washington, D.C. courtrooms, was sentenced to six years in jail for stealing money from people he represented in D.C. Superior Court. Giles had approximately 80 clients in a four-month period, most with traffic-related cases. Two of his clients were sentenced to jail. Giles' ruse was discovered when a D.C. police officer who suspected Giles was not an attorney investigated and found that the D.C. Bar number Giles had repeatedly used in court had never been issued. Giles had never attended law school. He had made more than $11,000 in fees. Giles' defense attorney said client suffered from psychological problems. Yet, she maintained that his representation of clients was as good as that given by some legitimate lawyers who regularly practice in the courthouse.

- One of the more outlandish cases involves an individual who persists in claiming he attended Princeton University and was a distinguished member of the faculty for many years. His claims are based on the biography of a famous computer scientist who actually was on the Princeton faculty until the mid-1960s, when this impostor began making his claims.

(4) **RESUME MANIPULATION.** Most people do appear better, or at least marginally better, than they really are in resumes, and most people assume that resumes are enhanced by their writers, to put their best foot forward. Most would agree that the addition of membership in a club should be tolerated, for example. Most would also agree, however, that there is a big difference between the addition of a membership in a club and the addition of a non-existent Ph.D. degree. The Subcommittee found that resume manipulation is commonplace — about one in every 3 applicants embellishes his or her resume, and it takes on many forms, as described in detail below. The case of Janet Cooke — the young Washington Post reporter who concocted a phony resume and then achieved dubious fame when she faked a story about an eight-year-old drug addict, for which she ultimately won a Pulitzer Prize — is but one sensationalized example of what a phony resume can do for you.

Officials at Equifax Services, a nationwide company that performs pre-employment investigations of applicants, report that it is not uncommon to find false information on a job application. Each client/company of theirs has different criteria for the type of background check they request. Some want to know the nature of the employee's previous job, education, the nature of the companies that have employed the person previously, and so forth.

Because of the necessity of having a college degree to obtain decent employment, applicants are under pressure to show impressive academic credentials, a source at Equifax noted. However, as a recent Equifax survey of 100 case files revealed, people also alter other factors. Of the 100 cases examined, 103 discrepancies were detected on 57 applications. The categories, in order of frequency of occurrence, are as follow:

- employment dates varied. Here, applicants cover up times where they were idle, or stretch out a short-term position to a more impressive looking long run.

- school dates varied. Variation could be from 3 months to 5 years. Fourteen of the case files varied by one year or more.

- inflated salary.

- job title inaccurate. Here, of course, the position was made to sound more important, entailing more responsibility.

- unable to locate employer. Equifax posits the employer would be easy to find, but might report something unfavorable if located.
- no record of employment.
- county criminal record hit. Two applicants were found to have committed serious crimes — robbery and theft.
- grade point average inflated. The tinkering ranged from .3 to 1.1.
- other/personal reasons for leaving. In reality, the applicant was fired from previous job.
- different major. Again, an attempt to be competitive for technical positions, by citing a degree in computer science, for example, instead of American history.
- falsify reason for termination.
- no record of attending the stated college or university.
- did not graduate.

To summarize, even though inaccurate information may be disclosed, the potential employer may look upon the discrepancy as minor and decide to hire the individual anyway. More flagrants misstatements, like attempts to cover up criminal history or extremely low grade point averages, will change the potential employer's view of the applicant.

Examples of resume manipulation follow:

- A 33-year-old scientist seemed a shoo-in when he applied for a post as an associate professor. He had been first in his class at college an medical school, had trained at a "top-notch place" in an "extremely competitive program" and received two fellowships. He had also accumulated an impressive 118 research papers to his credit. Senior members of the department considering him for the job reviewed some of his publications and their suspicions were aroused. Further checking suggested reported research had never been done. Confronted with allegated of misconduct, the scientist left the institution to go into private medical practice.
- The state commission of California is moving for the removal of 94 teachers in Orange County for their use of fraudulent college courses to obtain salary increases. A Los Angeles community college professor and his wife had set up a "continuing education office" in their garage and arranged for teachers at California Lutheran College in Thousand Oaks and Ottawa University, a Kansas school with an office in California, to "take classes" there. The operation was uncovered in 1981. The proprietor was placed on probation and fined $12,800. The teachers admitted to never receiving instruction but making that claim in order to receive their pay raises. Despite his no contest plea, the proprietor is still employed as a physical education teacher in Los Angeles.
- In one case reported by Baylor University, a student altered copies of his official transcripts to use in applying to medical schools. He forged letters on Baylor stationery, verifying the authenticity of the transcripts. The Medical Application Service called Baylor for verification. Some of the medical schools called. After these inquiries, the student knew he was thwarted. He then applied using another Baylor student's name and records. The Application Service caught this and notified Baylor.
- Another case from Baylor told of a student in possession of a Baylor diploma with an M.B.A. degree. He only has a B.A. (in religion) from Baylor. This was verified to the employment representative for an engineering firm.
- An employee advised a company that he graduated from Trinity University in 1973, with a Bacherlor of Science in Engineering. The company then requested the employee's transcript and degree and he was only able to provide a copy of the letter he sent to Trinity requesting the transcripts. In the request, the employee had implied that he had an outstanding student loan balance, which had prohibited the prior release of the transcripts. The company wrote to the Registrar at Trinity and was informed that there was no record of the employee graduating from or even attending the school. The company confronted the

employee with this information and he admitted to the fraud.

- An employee indicated to a company that she had a Bachelor of Science in Mechnical Engineering, obtained sometime between 1945 and 1949. The company contacted the school to find out that she had never graduated or attended the school. Further, the University did not offer degrees in engineering until 1961, which made it impossible for anyone to have graduated with any type of engineering degree prior to that date.

- An Emory University student forged a transcript from another institution and submitted the same to the American Medical College Application Service (AMCAS). AMCAS contacted the school about a "possible irregularity" in the student's Emory transcript and the investigation began. While the student had not attempted to forge the Emory transcript, the fact that he had violated the University Conduct Code and as a result was permanently dismissed from Emory and cannot be readmitted was omitted.

- One imaginative student claimed to be an alumnus of the class of 1978 at Baylor, and said his mobile home burned with his diploma in it. He asked the registrar's office to replace his diploma. The student never attended Baylor.

- In Texas, during a routine verification of credentials, a person doing clinical work with mentally ill patients was found to have done some shady deeds. When his diploma was chekced out in detail, it was found to have been signed by three people who were deceased at the time of the diploma's issue.

- A former student submitted a forged transcript to the law firm in which she was employed as evidence of attendance in a law program at Emory. The student had indeed attended Emory in order to complete some requirements for taking the State Bar. The student had a valid law degree from a Canadian university and subsequently had taken and passed the Georgia State Bar Exam. A member of the law firm, being an Emory alumnus, questioned the authenticity of her transcript. It was identified as a forged document and reported to the State Bar Assocaiton. The Association took action and the person in question was discharged.

- The University of Colorado reports an especially colorful example of resume manipulation. This person has continued to claim attendance and degrees for at least 10 years, when he was either applying for employment or was already employed by numerous aerospace corporations. Since he was never a student at the University, the registrar there could do nothing more than deny his attendance whenever presented with a request for verification.

- Another Colorado student, this one from Iran, deleted her only term of coursework, which was general education courses with poor grades, from her transcript and added three terms of civil engineering courses and a degree to her academic records, which she later sent to the Islamic Republic of Iran Office in Washington, DC.

- Jack Lambert resigned from his $57,000-a-year position as San Francisco's conventinon director in 1982 after it was found that he lied on his resume and also maintained contacts with persons suspected of having organized crime links. Three schools listed by Lambert have no records of his attendance.

- Seagate Technology in California thought it had hired a man who spoke 13 languages and had a degree in electrical engineering from Oxford. AFter his twelfth day on the $95,000-a-year job, executives found out that the man was a phony who was on probation for a grand theft conviction. He was later sentenced to two years in prison for stealing money from Seagate.

- In other instances, a student does have one or maybe even two legitimate degrees, but wants to further credential him or herself. A registrar in the Midwest reported a situation where an individual had undergraduate and graduate degrees from the institution, but was displaying a Ph.D. from that school that had been purchased at Alumni Arts, a diploma mill.

IV. PURCHASING A DOCTORATE: A STEP-BY-STEP GUIDE. AN INVESTIGATION BY THE SUBCOMMITTEE ON HEALTH AND LONG-TERM CARE OF THE HOUSE SELECT COMMITTEE ON AGING

SUMMARY: An advertisement in the April 1985 issue of "Popular Mechanics" caught the eye of the staff of the Subcommittee on Health and Long-Term Care and launched us on a paper chase lasting nearly nine months. The goal was the procurement of a Ph.D. degree in psychology for Subcommittee Chairman Claude D. Pepper. Our first attempt resulted in failure, as the "Senior Guidance Consultant" at the Columbus, Ohio educational brokerage firm we wrote was jailed for mail and wire fraud. This gentleman had recommended the "International Alternative Degree Program for Mid-Adults" at Union University in Los Angeles, with which we then communicated. In a letter dated November 23, 1985 and received December 4, 1985, we were given the long-awaited news: after tendering $1,810, filling out an application form, and writing four short book reports on Plain Speaking, The Power of Positive Thinking, Too Old, Too Sick, Too Bad, and Mental Health and the Elderly, C.D. Pepper had been awarded a Ph.D. in psychology.

1. "Popular Mechanics" magazine, in its April 1985 issue, contained the following advertisement:

> UNIVERSITY DEGREES BY SPECIAL EVALUATION OF EXISTING Job Experience, Education, Achievement. Fast. Inexpensive. Call (614-882-1781). Or Write: Box 13151-T4. Columbus, OH 43213

2. The Subcommittee responded via handwritten postcard to the box number, requesting information on "obtaining a university degree thru an evaluation of existing job experience, etc." The correspondence was signed by C.D. Pepper of Burke, Virginia.

3. In a little more than two weeks (letter postmarked April 4, 1985), the Subcommittee on April 15 received a four-page brochure from VOCATIONAL GUIDANCE Adult Career & Educational Services, 4216 E. Broad St., Columbus, Ohio 43213. This brochure was headed in large letters, "YES, IT IS NOW POSSIBLE TO HONESTLY OBTAIN A COLLEGE DEGREE FROM MANY COLLEGES WITHOUT ATTENDANCE OR ACTUALLY SETTING FOOT ON CAMPUS."

   The tantalizing offer continues:

> "YES, it is TRUE. You may be a businessman, technician, engineer, own your own company, be going overseas for a job, a factory worker, or retired, but amazing as it may seem you can HONESTLY obtain by MAIL many types of credits and college degrees. Associates, Bachelors, Masters and Ph.D.'s are now available.
>
> There is a fantastic NEW method NOW available that will allow you to get your college degree in MINIMUM TIME, LEGALLY AND AT A LOWER COST THAN MOST 4-YEAR TRADITIONAL COLLEGE PROGRAMS. There is an amazing new educational revolution sweeping the entire country that has shaken the Traditional Education System at its foundation. No longer do you need to spend long hours at college or EVEN ATTEND A COLLEGE AT ALL. After much inquiring and other private research we have uncovered and revealed to our delight that many colleges and universities, do grant from associate degrees to Ph.D.'s in most career disciplines and without requiring you to ATTEND ANY COLLEGE AT ALL."

4. Hoping to experience firsthand the "amazing new educational revolution sweeping the entire country," the Subcommittee completed a two-page "COLLEGE DEGREE COUNSELLING QUESTIONNAIRE." Applicants were asked to supply information on past employment, educational background, other learning experiences ("travel, volunteer work, special training, military, seminars, etc.")

   The final page asked which degree applicant was soliciting, and in what fashion that degree should be earned. C.D. Pepper elected the following options:

- Must be totally by correspondence.
- My degree must be totally varifiable (sic) and transcripts eventually sent to employer.
- Degree must be fully accredited by accrediting agency recognized by U.S. Office of Education.
- Degree can be non-accredited as long as it is legal.
- Degree from any school is acceptable as long as it is legal and state chartered.

Asked what length of time applicant preferred to earn degree, Mr. Pepper chose the minimum, "1-2 months."

Questioned about his preferred cost for the degree program, Mr. Pepper opted for the smallest possible sum, "$500-$950." He also noted that he could pay the program cost in one lump sum if required to do so.

The final section of this inventory form asked Mr. Pepper to check the statements he felt best described his situation. The Subcommittee, acting on Mr. Pepper's behalf, checked the following:

- I already have the knowledge; I am just interested in getting the degree quickly.
- Mostly I want the degree, money is not a problem but time is.
- I own my own company and need the degree to improve the companies (sic) image.
- I need a degree to advance in my field.

The form was mailed back with the requested $30 to Vocational Guidance in Columbus, Ohio, on April 23, 1985. The money order, procured with the assistance of Inspector Thomas Bazley of the U.S. Postal Service, was cashed May 1, 1985.

(Another interesting aspect of the form is that it asked whether applicant suffered "any physical handicaps that might affect learning process?" As the Subcommittee was later to learn, physical handicaps were hardly a deterrent, as there would be no taxing physical activities such as visits to the campus.)

5. Vocational Guidance responded to C.D. Pepper in a three-page letter dated April 29, 1985. The letter was very professional looking, on good-quality paper and apparently carefully typed on a word processor — no typographical errors detectable. To meet Mr. Pepper's interest in the field of psychology, Mr. Anthony J. Geruntino, Senior Guidance Consultant and signer of the letter, suggested four institutions — Beacon College in Washington, DC, Goddard College in Plainfield, Vermont, Clayton University in Clayton, Missouri, and the University of California in Berkeley. As part of what Mr. Geruntino calls "Option 1," Mr. Pepper is urged to contact these schools directly. Addresses are provided. He is provided the caveat that, "although liberal credits may be granted and transferred into their programs, other course work will probably be required." He also is given the option of dealing with the University of the State of New York, which can provide "a general evaluation to provide a consolidated transcript of your past academic and other life and job experiences, but do not offer the degree in specific fields. The primary drawback with this kind of a program is that they tend to be sluggish in providing a timely turnaround to meet your time requirements."

   Under "Option 2," Union University of Los Angeles is cited as an institution that might be able to grant Mr. Pepper his Ph.D. in psychology. Mr. Geruntino told us he "took the liberty of contacting Terry Suzuki of Union University . . . regarding your (Mr. Pepper's) unique situation." Mr. Suzuki, having weighed carefully Mr. Pepper's background, would be willing to consider awarding a degree, provided the following conditions were met:

   (1) We (Vocational Guidance) are to present the school with a complete portfolio of your past education and job & life experience.

   (2) All such data must be fully evaluated by a Union University faculty evaluator prior to awarding your degree.

(3) Your degree will be awarded only after all evaluation and administrative fees are received by the school.

Mr. Geruntino says that he has worked extensively with Mr. Suzuki, the External Program Director, and that Vocational Guidance has established "a high success rate regarding clients that our firm has submitted to the school previously. Mr. Suzuki," the letter continues, "did indicate that because of your existing education and wealth of experience advisor requirements can be waived as I shall be handling your program personally. Your degree program can be expeditiously handled."

If Mr. Pepper elects option 2, he is to send $1780.00 to VOCATIONAL GUIDANCE, Inc. This fee covers "all services, special evaluations, degree and transcript, permanent record storage, administration costs including a FULL degree verification service by the school and student support to any persons or organizations whom you wish to notify of your degree award."

Upon receipt of this sum, a full educational portfolio will be prepared and presented to the school by Vocational Guidance for their final evaluation. This can be assembled in one week. Union will then need two weeks to evaluate his background.

"Upon final school review board approval," the letter continues, "your degree and official transcript will be awarded, and verification will be available within five days following the posting and approval date. If you prefer, a special graduation ceremony can be performed." There is also a permission statement which all applicants are asked to sign, permitting Vocational Guidance to act on their behalf. Mr. Pepper is asked to sign the permission statement on the last page of the letter and send it back with the full amount ($1780.00). A postscript informs the candidate that Mr. Geruntino has also negotiated waiving the faculty advisor and admissions fees.

Vocational Guidance also sent C.D. Pepper one of its publications, "Directory of Colleges Offering Courses and Degrees By Mail. This 36-page booklet lists colleges and universities in the U.S., Canada, and other nations that offer correspondence instruction without references to previous educational experience. It also contains, among other things, "schools that require a very short time on campus."

6. The Subcommittee mailed back the four-page "Application for Educational Counselling Services" required as a first step toward a degree from Union University. Applicant Pepper was asked for basic information about his education, on-the-job training, non-job-related learning experiences, unusual life experiences including hobbies and travel, organizations and awards, and experience as a speaker, instructor or teacher. Mr. Pepper again indicated that the degree he sought was a Ph.D. in Psychology.

This form and the requested $1,780 fee (in a money order again provided by Inspector Bazley at USPS) were mailed to Mr. Anthony J. Geruntino, Senior Guidance Consultant at Vocational Guidance on May 23, 1985. However, the envelope, marked "refused," was returned to the Subcommittee on May 31, 1985. (The Subcommittee later learned that Mr. Geruntino had pled guilty to mail and wire fraud in connection with bogus credentialing institutions he created.) At this point the Subcommittee considered another approach — cutting out the broker, Vocational Guidance. On June 3, 1985, Subcommittee Staff Director Kathleen Gardner Cravedi, posing as C.D. Pepper's granddaughter, Kathy Pepper, telephoned Union University in Los Angeles and asked whether her grandfather should send his money and application directly to Union. She was advised by Mr. Kenji Tokuraku, Registrar and Director of Admissions, that this would be fine. With the assistance of Inspector Robert Joy of the U.S. Postal Service, the Subcommittee mailed $1,780 in money orders and the completed "Application for Educational Counselling Services" form on June 4, 1985.

7. Mr. Tokuraku of Union University mailed C.D. Pepper a letter dated June 11, 1985. He noted receipt of Mr. Pepper's letter and money orders amounting to $1,780. Part of the letter read as follows:

> The Admissions Committee of Union University has considered your application for entrance to the Ph.D. program in Psychology. We need the complete portfolio of your last education and work & life experiences.
>
> After receiving the portfolio, we will start the full evaluation

> and can let you know the result within 10 days. . . We will attempt to help you expedite the process in any realistic manner. We look forward to hearing from you soon.

8. In a typewritten letter to Mr. Tokuraku dated June 25, 1985, C.D. Pepper told that gentleman that he was at a loss to understand what further documentation was necessary for granting of a Ph.D. degree. "Furthermore," the letter stated, "I was led to believe through the letter I received from Mr. Geruntino of Vocational Guidance that my background was sufficient to qualify for the degree I seek." Degree candidate Pepper attached a letter of recommendation from an organization located in Washington, DC, the National Association for Home Care. In that letter, over the signature of Mr. William Halamandaris, a former employee of the real Congressman Claude Pepper, Mr. Pepper's "wealth of knowledge and experience on many social and political issues," was praised, as well as his "excellent rapport" when dealing with members of the elderly population. The letter closed, "We feel his long experience in working in this area entitles him to the academic award he is seeking." The Pepper letter, with the NAHC attachment, was mailed from Mr. Pepper's supposed hometown of Burke, Virginia on June 27, 1985.

9. In an envelope postmarked July 18, 1985, Union University mailed Pepper an 8-page form, requesting basic information much like that already submitted on the "Application for Educational Counselling Services" previously. There were also essay sections, such as "Explain briefly if or how your proposed degree applies to your career." A pencilled note at the top of the first page (no signature) read, "Please respond to these paper (sic) and return to us. Some information may be duplicate."

   In the interest of time, Kathleen "Pepper" Cravedi again placed a call to Union University (date: August 14, 1985). Dean of Admissions Suzuki (as opposed to Director of Admissions Tokuraku) told her that her "grandfather" needed to submit a list of books read. He also suggested that the Ph.D. degree perhaps be preceded by a bachelor's degree or master's from Union, since Mr. Pepper had neither. (His handwritten note in a Union University brochure reads, "My judgemt (sic) for your program is concurrent Bachelor/Master program since you don't have Bachelor degree. Would you enroll this program first to get Bachelor/Master and then later proceed to Ph.D. program. by Dr. Terry Suzuki".) The cost of the concurrent Bachelor/Master program would be $2775.00.

   Dr. Suzuki also at this time assured Ms. "Pepper" Cravedi that the $1,780 in money orders received would not be cashed until the degree was awarded. We later found this promise not to have been kept — the money orders were cashed August 1, 1985.

10. In a letter dated September 11, 1985, C.D. Pepper enclosed a list of books he has read. "Inasmuch as I have read extensively during my lifetime, I have decided to limit the list to only those books which support my application for a Ph.D. in Psychology," the letter said. The two-page list of 44 books included such titles as Pulling Your Own Strings, The Power of Positive Thinking, The Senior Citizen Medical and Health Guide, and The Divine Comedy.

11. In short order (letter dated September 15, 1985), Dr. Terry Suzuki of Union University wrote Mr. Pepper. It is important to note the typographical and grammatical errors that punctuate correspondence from Union University's Dean of Admissions, Dr. Suzuki. This time, Mr. Pepper was encouraged to "pick up three most favorable books and make a special research project on each. The report is preferred to be over 15 pages for 1st report, 20 pages for 2nd and 25 pages for 3rd." When these were completed and passed the review of the dissertation's committee, Dr. Suzuki pledged to "try to convince the chancellor that you have enormous experiences, knowledge, and ability on the management aspect."

12. In a telephone conversation on September 30, 1985, Kathleen Cravedi again spoke to Dr. Suzuki. She discussed his letter of September 15, 1985 and asked him the likelihood of the Ph.D. being granted in exchange for the book reports. Mr. Suzuki said that he thought the book reports would do the trick, and that the dissertation committee would make an "exceptional decision" in this case. The Subcommittee staff began work on the book reports.

13. With a cover letter dated October 22, 1985, C.D. Pepper sent three book reports (on The Power of Positive Thinking, Plain Speaking and Too Old, Too Sick, Too Bad) to Union University. Trying to test how little they could get away with, the Subcommittee staff shortened the length of the reports so that they totalled 10 double-spaced pages. The reports required about two hours of staff time to

compose.

14. After submitting the book reports, the Subcommittee did not receive the usual prompt response from Union. Kathleen Cravedi called Dr. Suzuki on November 6, 1985 and was told that one additional book report, ten pages long, would be required in order to grant the degree. Dr. Suzuki intimated that quality and substance were not important — quantity of pages was. Subcommittee staff wrote the report on Mental Health and the Elderly: Recommendations for Action, The Report of the President's Commission on Mental Health Task Panel on the Elderly, and the Secretary's Committee on the Mental Health and Illness of the Elderly. This double-spaced, wide-margined report was taken verbatim from the book itself, and composed in roughly an hour and sent via Federal Express to Union University on November 7, 1985. Mr. Suzuki told Ms. "Pepper" to call him on Friday November 8, 1985 at either the school or his home, to learn the status of her grandfather's Ph.D.

15. On November 3, 1985, the Subcommittee received a letter from Dr. Terry Suzuki, who apparently has again taken the title first mentioned by Mr. Geruntino, "Director of External Program." This letter thanks Mr. Pepper for his three book reports, and repeats the request that he complete one final report of 10-15 pages. Dr. Suzuki says his three reports are "excellent and meaningful to the committee." The closing line is a touching one: "Your cooperation to meet our requirement will be again appreciated. I do hope that you will have a wonderful Christmas with the certificate of Doctor of Philosophy."

16. On November 8, 1985, Kathleen "Pepper" Cravedi was unable to reach Dr. Suzuki at either his home or work numbers. An assistant at Union did, however, indicate that Mr. Pepper's final book report had been received.

17. On November 12, 1985, Kathleen "Pepper" Cravedi again attempted in vain to contact Suzuki. She was informed that he would be out of town for an extended period. An assistant at Union said, however, that all was in order. She had read Mr. Suzuki's letter approving Mr. Pepper's Ph.D. degree in Psychology, which would be mailed November 23, 1985.

18. After almost nine months of communication by mail and phone, C.D. Pepper was awarded the degree Doctor of Philosophy in Psychology. The news came in a form letter, with candidate Pepper's name filled in. Portions read as follows: "The Graduation Committee is pleased to approve your degree and graduation status. Your oral defense of the subject, as you may know, was successful." (Mr. Pepper has never conversed with any official at Union University.) The letter also remarked, "We look forward to your suggestions and support of our Alumni Association. . ." (SEE FOLLOWING PAGE)

FOOTNOTE:
In May of 1985, U.S. Postal Inspection Service personnel paid a call on Union University, 207 North Breed Street, Los Angeles. The neighborhood was described as seedy and the building in need of repairs. Several windows were broken. A sign outside the building advertised "Karate Lessons," while another mentioned acupuncture and massage. According to postal carriers familiar with the university, little activity is observed at Union. Only one or two people are seen on the premises at any given time. Very little mail appears to be coming into or going out of Union University.

Union University
[illegible]
[illegible]
(213) 263-0825

Sept 15, 19[illegible]

Mr. C. D. Pepper
6509 Burke Lake Road
Burke, VA 22015

Dear Sir,

Thank you for your immediate respone to my request. Concerning process of your application, I determined to take an exceptional procedure as follows:

Among names of books listed, I encourage you to pick up three most favorable books and make a special research project on each. The report is preferred to be over 15 pages for 1st report, 20 pages for 2nd and 25 pages for 3rd.

When these reports are completed and pass the review by dissertation's comittee, I try to convince to chancellor that you have enormous experiences,knowledge, and ability on the management aspect.

However, I prefer you take subject in pertaining to senior citizen circle. Your cooperation on my effort to aid your goal will be greatly appreciated. Again, since I had organized and participated in a local senior citizen org, I would like to be your Ajunct Faculty, if I am allowed you to serve. I respect your great experience in this area.

Sincerely yours,

Terry Suzuki

Dr. Terry Suzuki

V. ANALYSIS OF UNIVERSITY AND COLLEGE REGISTRARS' EXPERIENCES WITH FRAUDULENT CREDENTIALS

In May 1985, a questionnaire was prepared and sent to registrars of colleges and universities listed in Barron's Guide to the Most Prestigious Colleges, asking for their experiences with fraudulent credentials. Over 60 % of the registrars queried responded to the survey by the time this report was put in final form. In addition, the Subcommittee staff interviewed by telephone numerous other universities not in receipt of the questionnaire. In all, there are about 3,300 colleges and universities in the United States today.

This section of the report discusses the responses received from that survey. There are several points which stand out in this survey. First, the vast majority of registrars, about 85%, reported they routinely receive complaints or inquiries from employers and other educational institutions regarding the verification of degrees or other credentials. Registrars received, on the average, requests for verification in excess of 500 a year. In the extreme, one university, the University of Washington, reported over 150,000 requests for degree verification a year. About 60 % of registrars reported regular documentation of false credentials. The majority of the registrars felt that the proliferation of false credentials was an increasing problem crossing all disciplines, and that it merits the concern of the Congress. They were almost unanimous in their opinion that registrars are not in the appropriate position to act on questionable credentials. They agree that something must be done but that enforcement activities should be enhanced at the State and Federal levels.

An analysis of the survey of the registrars, coupled with some of the case histories supplied bythe Subcommittee by the registrars, follow.

Of the schools responding, the majority stated they routinely receive inquiries from employers, other educational institutions, etc. for the verification of degrees and/or credentials for individuals claiming to have graduated from that college or university. The registrars stated most verification requests occur incident to one of the following: a pre-employment background check; after a person has been employed for a period of time and is not performing as expected; or when an individual is applying for an advanced degree or specialized training program. Some requests, however, occur under unusual circumstances.

- A registrar at Cooper Union in New York reported one person claiming a degree from that school, although he had never attended. His charade was discovered only after he began campaigning for a spot on the local school board, and his opponent did some checking into his background.
- In another situation, a professor called the registrar's office at Northwestern University to make sure he had "all the facts straight" before he wrote a letter of recommendation for his fellow worker, a valued colleague and graduate of the same university. He was most distressed to learn that his fellow worker had not completed his degree from Northwestern. He was surprised by this news because his friend's work in the field was indeed valued.

Over 45% of the registrars surveyed reported in excess of 500 verification requests per year.

- An official in the office of the registrar at the Univerity of Illinois disclosed: "Requests for certifications of enrollment and degree are suppported by two full-time staff members in my office. These people provide an average of 30 written inquiries a day over and above the list of student guaranteed loan recipients who also must have enrollment certified."

Some of the colleges and universities, however, could not give statistics on the number of requests for verification they receive each year, either because they were too numerous to count or because of the number of people they have responding to such requests.

The majority of registrars, about 60 %, stated they have identified individuals who have falsely claimed to have received a degree or credential. The registrars reported that the false claims were consistently based on one of the following:

A. Counterfeit reproductions of diplomas/certificates;

B. Altered transcripts;

C. Stolen diplomas/certificates or transcripts;

D. Computer manipulation of student records;

E. False impersonation of legitimate degree/credential holder; and/or

F. Claims of degree/credential status without supporting documentation.

About 40 % of the fraud claims detected by registrars were found to be cases of a person making verbal or written statements to a prospective or actual employer or others, declaring that he or she attended a particular institution and was awarded a degree. In these cases, an employer learns that an individual has fraudulently misrepresented his edutional background only after making a verification inquiry with a college or university.

- "Last fall we received a call from the Pennsylvania State Attorney General's office to verify a degree for a job candidate," reports a registrar at Hamilton College in New York. "The woman who called us was shocked to learn that we had never awarded the candidate a degree, nor had he ever been enrolled in this institution. She called back several times to be absolutely sure. It turned out that their candidate claimed he had a bachelor of science degree from Hamilton State University in Clinton, New York. There is no such institution in the nation and we (Hamilton College) have never awarded a B.S. degree. The candidate claimed that he paid $4,000 for a correspondence course from Hamilton State U. and produced what turned out to be a bogus diploma from the institution. Needless to say, the Pennsylvania State Attorney General's office did not offer this fellow a job."

- An official at the University of Pittsburgh related the following incident. "A teacher asked for her salary to be increased based on her having a doctoral degree in education. She presented documents and the principal asked for a copy of her transcript showing courses and degrees. She indicated that the University would not release it."

  "The principal called our records office to find out why we wouldn't release the transcript and was informed that we had no record of a student by that name. A representative of the high school came to our office with documents they had received from the teacher. These documents had not been issued by the University, nor were they even similar to documents we use."
  "We advised the representative to have the teacher sign a release and we would certify any information we had on file. This was never presented, but we did respond with a letter stating that, based on the information presented, we had no record of a student by that name."

- Emory University related the story of a former student who submitted a forged transcript to the law firm at which she was employed as evidence of attendance in a law program at Emory. A member of the firm, also an Emory alumnus, questioned the authenticity of the transcript. It was identified as a forged document and reported to the State Bar Association. The State Bar took action and the person in question was disbarred. No further action was taken by the University.

As one can gather from even the few examples presented here, not all employers have thoroughly checked the credentials of prospective employees before hiring them. These employers often find themselves in the unfortunate circumstance of having hired a "fraud." The situation then becomes even more difficult to address.

- In an unusual case reported by the University of Missouri-Rolla, a former student, without earned degrees from the school, allegedly forged a transcript claiming two undergraduates degrees and two masters degrees in engineering. This individual apparently claimed a Ph.D. in engineering from a second unrelated institution as well.
  The individual involved formed a medical consulting business in Miami, Florida with a well-known doctor. A company doing business with them became suspicious when this firm could not produce results commensurate with their alleged training.
  A lawsuit resulted in a judgment for the plaintiff of $327,271.48.

Overall, registrars responding to the Subcommittee questionnaire reported a 24 % increase in detected fraudulent degree/credential claims for 1984 over the previous year. More than 966 false claims were identified in 1984, compared to 779 in 1983. In addition, about half of the respondents (45%) said they consider fraud involving degrees and credentials to be both a growing and continuing problem.

Several registrars expressed their appreciation and support of the Subcommittee's effort in addressing this increasing problem:

- From Northwestern University: "Those of us in the collegiate records profession are very pleased to see your concern about fraudulent records. As you can imagine, this is a problem with which we must deal on a regular basis. . . We do not routinely keep track of the number of verification requests that we get, other than to recognize that it's a large number and is increasing."

- A registrar at Princeton agreed. "I hope your investigation will result in relief from the growing problem of fraudulent claims for undergraduate, graduate and professional degrees."

- A registrar from the University of California at Irvine concurred with the Subcommittee's general sense of the mounting problem of fraudulent credentials. "In our opinion, false claims of degree awards seem to have become an increasing problem during recent years."

- "As a registrar, I applaud your investigation of a phenomenon which is of great concern to members of my profession," said an official at the University of Rochester.

- A registrar at Rensselaer Polytechnic Institute assessed the situation this way: "The number of such false claims seems to be on the increase but this may be because agencies more frequently request verification of degrees now, which, in turn, uncovers more fraudulent claims."

"The increase of requests for degree validation has greatly increased over the past few years and I suspect that there will be another large increase due to the news reports surrounding Dipscam (the Federal Bureau of Investigation's recent sting operation)," said an official at Duke University.

- A University of Virginia registrar said, "I applaud your efforts to take action regarding the increased frequencies of incidents of persons using fraudulent academic credentials. I have seen an increase in this type of activity over the last ten years and am heartened to see some attention being paid to the problem on the Federal level."

Along with the fact that the number of incidents of falsifying credentials is on the rise, the Subcommittee has also come up with disturbing news that phony credentials are now pervade almost every profession and academic discipline. Fraud, unfortunately, is not restricted to any one field. Although some registrars reported the incidence to be higher in the fields of business and engineering, fraud does occur in all fields and on all levels within those fields. For example:

- A college president, respected in his field, had made it to the final round for applicants to become president of another college. When the search committee checked his credentials at their supposed source, Northwestern University, they learned his degree had come from Northwestern College of Applied Science for the life experience in his past.

- In some cases, an individual does have one or maybe even two legitimate degrees from an institution, but wants to further credential himself/herself. Registrars at Northwestern University reported a situation where an individual had undergraduate and graduate degrees in social work but was displaying a Ph.D. from Alumni Arts. In truth, he wasn't using the degree as an accrediting credential, but he felt it gave him increased credibility.

- Another incident, reported by the University of Colorado at Boulder, told of an individual who has continued to claim attendance at the school, as well as the earning of various degrees, for at least 10 years. While doing this, he was either applying for employment or was already employed by numerous aerospace corporations, e.g. Bell Helicopter International, Inc., Hughes Helicopter, Boeing Commercial Airplane Company, McDonnell Douglas Corporation, and Martin Mariettta. "Since he was never a student here," the registrar at Colorado told us, "we could do nothing more than deny his attendance whenever we received a request for verification."

- No profession is free of phony degree incidents, not even the ministry. An Emory University registrar relayed this one: "An assistant pastor in charge of the youth programs for a local area church claimed an earned degree from Emory. Records showed attendance from fall 1979 through fall 1980 . . . Three terms as a full-time student — no attendance after that and no degree. The claim of a degree was made in order to maintain his employment . . . since it was a required condition that he finish the degree he was working on when employed in 1979. The church was also furnishing him with financial assistance toward the degree (which he allegedly pocketed)."

Registrars were also asked whether their institutions routinely followed up situations where a degree/credential verification cannot be provided. Over 50 % of those responding to the question stated they refer cases of fraudulent degree claims to law enforcement agencies, State or national licensing boards, professional governing bodies or others for appropriate action. Some of those situations were addressed in responses to the Subcommittee's survey:

- "When such cases are discovered, they are vigorously investigated and appropriate legal or disciplinary action is taken against the offender." (University of California, Irvine)

- "Whenever we can document that an individual is making a false claim, our university attorney writes a letter to the individual telling him to cease and desist. We refer to this as a 'gotcha' letter." (Northwestern University)

In situations where the registrars did not follow up on fraudulent credentials, reasons ranging from concern over an individual's reputation by unduly damaging accusations to disillusion on the part of law enforcement's response were given.

- The registrar's office at Northwestern expressed frustration at the lack of laws regarding fraudulent credentials. "But," that office responded to our survey, "even if there were laws against this kind of thing, the U.S. Attorneys aren't interested in prosecuting. There are no real penalties except admonishment . . . maybe probation, but that given the current state arent' worth the time involved . . ."

- An official at Trinity University, San Antonio, Texas, concurred. "Even in a blatant case of a student misrepresenting himself, the D.A. was not interested in handling it (the case) . . . the student had forged a postal money order, but no action was taken by Postal either . . . the only thing that happened was the student was denied entrance into medical school, which he would have never had anyway . . ."

- A Duke University registrar echoed this sense of powerlessness. "The frustration of this type of investigation leads one to resist spending much effort on the next case because it is so difficult to produce results."

Many registrars expressed frustration about the adequacy of remedies available to address the fraudulent degree problem. Their feelings were best captured by one registrar at Trinity, who stated:

> The vast majority of Americans are honest and would never dream of claiming to have received a degree from an institution which they never attended or which they attended without graduating. As a result of this general level of honesty, some individuals have discovered that many employers never bother to validate the academic credentials claimed on a job resume. Moreover, the difficulty of prosecuting such an individual means that the worst penalty likely to be imposed in the event that a fraud is discovered is that the person loses the job for which the academic credential was a requirement. Since the end result is the same as if the person had not claimed a fraudulent credential, the penalty has no deterrent value.

The registrars are looking for new ways of dealing with the problem of fraudulent degrees. Without necessarily bringing in law enforcement officials or depending on other outside agencies to lend them support and strength of enforcement, the registrars are creating new strategies for coping with this ever-increasing problem. Some of these follow:

- From the University of California at Irvine: "To prevent further occurrences, we have increased 'password' security measures, changed secret passwords more frequently, limited access to change academic records to fewer terminals, limited access to fewer authorized employees, and improved 'audit trail' procedures."

- From the University of Michigan at Dearborn: "We now purchase special transcript paper that cannot be purchased by anyone except selected universities. It is specially designed with preprinted markings of our institution."

- The University of Michigan at Dearborn also offered the following: "All institutions, organizations, hospitals, should require documents, forwarded directly to them from the university or college by certified mail, otherwise any person with half a brain can forge a transcript and hand it in."

- From Clark University: "We are all concerned with both the confidentiality of student records and their protection from alteration by third parties or by the student him/herself. In addition, claims of attendance or degree attainment by pretenders is always a problem. We will shortly be on-line with our transcripts and will utilize check-type paper for all transcripts generated by computer. Non-computer-generated transcripts will continue to be made by microfilm or by Xerox. The job of issuing transcripts and/or verifying degree status is one of being aware of the possibility of fraud."

- Stanford University makes the following statement when they discover evidence of a fraudulent credential: "It is university policy to try to contact persons claiming attendance to see if they have been registered under a different name. We would appreciate having the name sent to Mr. or Ms. ________, if you have it." A representative of the registrar's office continues, "If we are given the address of the person, who is claiming attendance at Stanford, we write a letter to that person. We send the letter by certified mail, return receipt requested, restricted delivery."

- The University of Colorado at Boulder reports, "Regarding preventive measures we have taken, we have maintained a file of forged copies when available, tightened internal security of records, and we continually upgrade the transcript production to include the latest security measures, such as special type of paper, consistency in format and print size, and stamping indelibly all transcripts issued to students."

- The University of Missouri at Rolla notes, "There is an apparent need for a national computer network to identify this type of crime and prevent the repetition of such fraudulent representation. Universities and professional societies seem unable or unwilling to cope with this situation."

- From the University of Illinois, Champaign-Urbana campus: "In cases where University documents have been altered or forged, our office turns the investigation over to the University police. If the individual was a former student, the record is frozen os that any future release of that record must be personally approved by the registrar. If we have no record of the person who submitted a forged document, a cross-reference in our file is made so that we will have information should that individual attempt to misrepresent himself or herself again. The State attorney has refused to pursue prosecution in all cases brought to his attention to date. Finally, we do not take any action on persons who overstate their resume since no university documents were involved.

- The University of Illinois contributed the following: "Universities in general, and the University of Illinois in particular, attempt to prevent falsification of documents through the use of very standardized and routine procedures. Diplomas are produced with significant scroll work and time using a Honeywell Page Printer system, which means that every transcript is an original. . . . It is only through consistency and style that records can be validated upon their face. We also obviously encourage any recipient of a document which is of questionable origin to contact our office for verbal verification."

Registrars repeatedly commented on the important role industry and corporate America could play by checking fully the credentials of a potential employee before he/she is hired. The following are statements from registrars, who wanted to suggest this easy but very effective step toward eliminating the use of fraudulent credentials:

- From the University of Michigan at Dearborn: "All institutions, organizations, hospitals, should require documents, forwarded directly to them from the university or college by certified mail, otherwise any person . . . can forge a transcript and hand it in."

- From Hamilton College: "We feel quite powerless over this sort of deception. Unless more employers and educational institutions take the time to call and verify degrees and other credentials, there is no stopping the growing problem of false claims."

- From Northwestern University: "Our position has been to attempt to inform recipients of such documents about the need to verify the legitimacy of these documents directly with the institution. It is only through sensitizing the users of the documents to the possibilities of fraud that the problem can be controlled."

- From the University of Florida at Gainesville: "The method for reducing their (fraudulent credentials') negative impact is to encourage all employers and licensing agencies to request certification of credentials directly from the granting universities."

Several registrars suggested a new Federal law pertaining to the falsification or fraudulent use of degrees, credentials and transcripts is needed as, most frequently, State or local laws, if they exist, are not adequate to address the fraud. Many cases were cited where State or local laws did not apply, as either the offender lived out of the State, or the false claim was made out of system, or both. Consider the following statements from registrars:

- Duke University contributes, "It would be helpful if there were some Federal statute in the area of falsified records which would allow an agency such as the FBI to pursue these individuals."

- A University of Virginia official said, "We are assisted by the fact that Virginia has a law forbidding the falsification of State university transcripts and diplomas."

- "During a phone conversation with a university registrar," comments a Northwestern University registrar, "he expressed concern that there are no real penalties except admonishment . . . maybe probation, but that given the current state it isn't worth becoming involved. He would like to see Federal legislation for penalties with a clear definition of what constitutes fraud in a clear cut and unambiguous manner. Right now that isn't the case."

Although the registrars did feel some form of legal recourse would be helpful and necessary to provide additional strength to the follow-up of those using fraudulent credentials. A respondent from Clark University summed up his position clearly with this statement:

- The job of issuing transcripts and/or verifying degree status is one of being aware of the possibility of fraud. It is complicated by being in the position of offering a service, a service that oftentimes is under time constraints."

It was a challenge to identify the exact number of fraudulent cases reported each year because of the difficulty of tracking down particular requests and the desire of the registrars to be fair to those individuals who are "in question." Some of the registrars did have the following estimations/reports of fraudulent credentials each year:

- From the University of Colorado at Boulder: "An estimate of false claims we receive is 20 to 40 each month . . . The majority of false claims have no attendance whatsoever at the University of Colorado. A smaller number are former students who have altered their transcripts."

- From Trinity University: "We receive between 10 and 15 inquiries per year which seem to indicate an individual has falsely claimed a degree from our institution . . . We receive 2-4 inquiries a year in which the individual is making a significant effort to falsely claim a degree from our institution."

- From the University of Virginia: "We receive approximately 9,000 written inquiries annually for degree/credential verification. In addition, we issue approximately 50,000 official transcripts annually. We do not keep a log of requests made by telephone. Of the 9,000 inquiries we receive, about 40-50 turn out to concern persons who either did not attend or did not receive the degrees most frequently falsified."

- The University of Texas at Austin averaged almost 1900 requests for degree verification, of which some 80 turned out to be false.
- Princeton University reports, "Since 1982, the office of the registrar has identified 80 misrepresentations of degrees to third parties. We have identified 9 fraudulent requests for transcripts and 3 fraudulent requests for diplomas."

From the comments of registrars around the country, it is apparent that the majority of them view the problem of fraudulent credentials as a serious one, increasing in severity and worthy of further regulatory action. What follows in Sections VI and VII of this report is a discussion of State and Federal experiences and efforts in this area.

VI. ANALYSIS OF STATE EFFORTS TO CONTROL FRAUDULENT CREDENTIALS

The Subcommittees found that the principal responsibility for receiving and acting on complaints relating to fraudulent credentials rests with State licensing agencies. States efforts in this regard are confined primarily to the regulation of some occupations and degree granting institutions of higher learning. This section will describe how most State officials recognize the problem of fraudulent credentials as serious and growing in nature. Nevertheless, State efforts to combat such fraud is severely limited by the absence of a meaningful national information system through which States can be kept updated on pending or completed disciplinary actions against fraudulent practitioners. Also, current "reciprocity arrangements" between States were found, in some instances, to provide the opportunity for suspected or known phony practitioners to relocate their phony practive without detection by the State in which they relocate. Reciprocity agreements between states normally allow professionals licensed in one State to practice in another without question.

State regulation of professionals usually takes the form of "licensure" and some periodic review. Licensure, as defined by the U.S. Department of Health and Human Services, is "the process by which a government agency grants permission to an individual to engage in a given occupation upon findingthat the applicant has attained the minimal degree of competency necessary to ensure hat the public health, safety, and welfare will be reasonably protected." Since state law establishing a licensed occupation usually sets forth the "scope of practice" covered by the act, licensing laws are often also referred to as "practice acts."

Before a license is granted, the applicant is supposed to meet certain requirements as set forth in state law. These usually include training and experience, minimum age, years of formal education or academic degree and a period of residence with the state. Most of the licensed professions are monitored by licensure boards who review applications for licensure to determine whether or not the applicant meets the standards set for that particular profession by the state. Licensure boards also are responsible for reviewing complaints against license holders and the discipline of license holders not meeting required state standards of performance.

There is tremendous variation between the states in what occupations are licensed, what licensure requirements are, and how stringently the requirements are enforced. In an effort to determine the range of variation in these areas, the Chairman of the Subcommittee on Health and Long-Term Care sent a questionaire in May of 1985 to the Governors of all 50 states, the District of Columbia, Guam and the Virgin Islands. The survey asked a series of questions related to the occupations licensed and the requirements for each, the identification of fraudulent credential holders, as well as the extent to which information is shared across the states relative to identified cases of fraudulent credentials.

The 41 states responding to the Subcommittee survey revealed that there are over 700 occupations which are regulated by one or more of the States. From barbers to doctors, from electreians to soil checkers, nearly every imaginable occupation is licensed by at least one state. Yet, as listed in CHART III, there are only 20 occupations licensed by all states. These are:

CHART III

Occupations Licensed By All States

Accountant
Architect
Attorney
Barber
Chiropractor
Cosmetologist
Dental Hygienist
Dentist
Insurance Agent
Licensed Practical Nurse
Optometrist
Osteopath
Pharmacist
Physical Therapist
Physician/Surgeon
Podiatrist
Primary School Teacher
Real Estate Agent
Registered Nurse
Secondary School Teacher

The Subcommittees were surprised to learn of the many glaring disparities between states in the occupations they license and those they don't. All states do license barbers and cosmetologists, yet not all license psychologists and physician assistants. All states license real estate agents, but only 13 license elevator inspectors. As can be seen in the appendix section, Arkansas requires bug exterminators and sanitarians to be licensed to practice yet does not have the same requirements for opticians and electricians. Kentucky licenses watchmakers and auctioneers, but does not require licenses for psychologists, building contractors or school bus drivers. Maine licenses tree surgeons, soil testers and movie projectionists, while not requiring the same of ambulance attendants, occupational therapists or opticians. This list of apparent nonsensical disparities is hard to explain, but it is real and it goes on and on.

The Chairman's survey of states also confirmed other information examined by the Subcommittee as to the national scope of the fraudulent credential problem. Governor after Governor and State Licensure Board after State Licensure Board reported to the Subcommittees grievous cases of phoney credentials they had discovered. The following represent a sample of the States' responses:

- South Dakota identified a case involving fraudulent engineering credentials. A South Dakota resident applied for licensure with the State. He submitted fraudulent documents to the State Board including an engineering degree obtained from a diploma mill, references, and registration documents verifying his passage of national engineering exams. He was seeking a job as an electrical engineer at Ellsworth Airforce Base in South Dakota.

- Michigan reported the case of Norman W. Blevins who presented the state medical licensing board a letter from the Educational Commission of Foreign Medical Graduates. Mr. Blevins was granted a limited license based on this letter. However, it was later found that the letter had be falsified and in fact Mr. Blevins had failed the foreign medical school equivalency test 3 times. In the mean time, the hospital at which Blevins was practicing has suspended him on the basis of poor clinical performance. The county prosecutor's office in the Michigan township then issued a warrant against Blevins for practicing medicine without a license. Blivins, however, immediately skipped to Arizona.

- Tennessee told the Subcommittee of a registered nurse who was licensed in Tennessee based on a fraudulent license, nursing test scores, and proof of education. This phoney had been granted a license in another state with which Tennessee has a reciprocity agreement and thus did nothing to verify her credentials.

- Florida provided the Subcommittee with the following profile of a scheme to obtain fraudulent medical credentials which they had identified: A student would contact an individual (residing in Virginia) and pay a fee ($20,000) for a fraudulent medical degree. The student pays a medical school in Mexico to validate his training and education even though the student never physically attends classes in Mexico. The Mexican university produces a transcript reflecting extensive core-course credits in the field of medicine. The student then applies to a university in the Dominican Republic for admission as a medical student. The student is then assigned to a clinical rotation plan in a U.S. hospital (usually in Florida) for one or more years. Upon completion the student is awarded a medical degree and takes the foreign medical student equivalency exam. If the student passes, then he applies for a Florida license and takes the Florida Medical Board Examiners test. If he passes this, the student is now legally licensed to practice medicine in the state of Florida.

- The State of Wisconsin told the Subcommittee of an engineer and a psychologist who had been licensed by the State based on falsified transcripts. The state also reported the case of phoney architect who was licensed based on his presentation of a degree in architecture. It was later revealed that his degree was fraudulent. In addition, Wisconsin told the Subcommittee that it had recently identified a woman who was falsely representing herself as a registered nurse. In fact, she had no such credentials.

- Ohio identified the case of another fraudulent nurse. A woman who applied for licensure with the State as a practical nurse, submitted a forged transcript of her nursing education. She represented herself as having graduated from a school of nursing when in fact she had not. The fraudulent act was discovered when the school of nursing she claimed to have graduated from was notified that she had passed the state licensing exam.

- Massachusetts identified a case involving a licensed practical nurse who had been registered by the Massachusetts Board of Registration of Nursing. The state discovered that the licensee had falsified her application representing herself as a high school graduate. The woman in question had used an alias which was the name of a deceased in order to obtain a high school transcript.

A December 1984 survey by the Subcommittee on Health and Long-Term Care of State Medical Licensing Boards regarding the problem of fraudulent medical credentials also indicates the complexity and seriousness of this problem. As CHART IV demonstrates, the vast majority of boards reported receiving complaints relating to the validity or authenticity of physicians' credentials in their state. As CHART V shows, all but two responding State Boards considered the problem of phoney doctors a serious one.

CHART IV

State Medical Boards Receiving Complaints Relating to the Validity or Authenticity of the Credentials of that States' Physicians

Alabama	X
Alaska	
Arizona	X
Arkansas	
California	X
Colorado	
Connecticut	X
Delaware	X
Florida	X
Georgia	X
Hawaii	NA
Idaho	
Illinois	X
Indiana	X
Iowa	X
Kansas	X
Kentucky	X
Louisiana	X
Maine	X
Maryland	X
Massachusetts	X
Michigan	X
Minnesota	X
Mississippi	X
Missouri	X
Montana	X
Nebraska	X
Nevada	NA
New Hampshire	X
New Jersey	X
New Mexico	NA
New York	X
North Carolina	X
North Dakota	
Ohio	X
Oklahoma	X
Oregon	X
Pennsylvania	X
Rhode Island	X
South Carolina	X
South Dakota	X
Tennessee	X
Texas	X
Utah	
Vermont	X
Virginia	NA
Washington	X
West Virginia	X
Wisconsin	X
Wyoming	X
District of Columbia	

CHART V

State Medical Boards Considering Phony Physicians A Serious Problem

STATE	
Alabama	X
Alaska	X
Arizona	X
Arkansas	
California	X
Colorado	X
Connecticut	X
Delaware	X
Florida	X
Georgia	X
Hawaii	NA
Idaho	X
Illinois	X
Indiana	X
Iowa	X
Kansas	X
Kentucky	X
Louisiana	X
Maine	X
Maryland	X
Massachusetts	X
Michigan	X
Minnesota	X
Mississippi	X
Missouri	X
Montana	X
Nebraska	X
Nevada	NA
New Hampshire	NA
New Jersey	X
New Mexico	NA
New York	X
North Carolina	
North Dakota	X
Ohio	X
Oklahoma	X
Oregon	X
Pennsylvania	X
Rhode Island	X
South Carolina	X
South Dakota	X
Tennessee	X
Texas	X
Utah	X
Vermont	X
Virginia	X
Washington	X
West Virginia	X
Wisconsin	X
Wyoming	X
District of Columbia	X
TOTAL	44

*** NA = No Answer

The Chairman's May 1985 survey to the states shed light on several problems facing the states in their efforts to control fraudulent credentials. The most serious obstacle to effective state enforcement, the Subcommittees found, involved the degree to which information on actions taken by other States in regard to fraudulent credentials is shared between states. There is currently no national information collected and made available to the states. Instead individual states collect bits and pieces of information on disciplinary actions taken against licensed persons and for the most part keep it to themselves.

The States were asked if they routinely share information about fraudulent professionals with other states. As can be seen in CHART VI below, while over half of states reported sharing information with other states, almost a third of these states only share information when it is requested by another state. In addition the states indicated that only disciplinary actions are reported and shared with other states. Thus, for example, if it is determined that an individual has either attempted to or did obtain a license by using fraudulent credentials but that disciplinary action was not initiated because the phoney voluntarily left the state or quit the profession, information about the fraud may not be kept and/or made available to other state licensing organizations.

Those states sharing information do so primarily through the national boards of the different licensing boards, such as the National Board of Nursing Home Administrator Examiners. Some states share information directly with other state boards through newsletters and phone calls. In 1980, the Council of State Governments formed the National Clearinghouse on Licensure, Enforcement and Regulation (CLEAR) to strengthen the enforcement procedures and systems of state licensing authorities. In response to the problem of phoney and incompetent professionals movement from state to state, CLEAR set up the National Disciplinary Information System (NDIS). NDIS puts out a monthly listing of all disciplinary actions taken against licensed professionals in the 27 states which currently participate in it. This monthly publication is the most comprehensive up to date national information available.

While NDIS is a step in the right direction, it clearly does not go far enough. What is really needed is a fully automated nationwide tracking system used regularly by all the states which would have current information including pending and closed disciplinary actions, recent complaints investigated by State boards, and persons identified by state boards as possessing fraudulent credentials (whether licensed or not). This information should be updated on a regular basis by the State Licensing Boards as well as from information referrals from other State (such as the consumer affairs departments) and Federal (such as the U.S. Postal Service and the F.B.I.) agencies based on complaints they receive and investigations they undertake. Thus, State Boards would have fingertip access to a fairly comprehensive list of phonies across the nation.

The other related hinderance to state efforts at controlling fraudulent identified in the Subcommittee survey is the common arrangement between states known as "reciprocity". Reciprocity agreements between states normally allow professionals licensed in one of the states to practice in the other without question. Based on reciprocity agreements, the accepting state may waive the examination for credential verification process based on action previously taken by another state. In these instances, the accepting state could falsely assume that an individual's credentials or other qualifications were properly examined at the time of initial licensing. Once fully operational, a nationwide tracking system as described above would substantially reduce this problem.

A number of improvments have been made by some states in ferroting out fraudulent credentials through strengthening of their licensing functions. Since the Subcommittee on Health and Long-Term Care's December 1984 hearing on Fradulent Medical Credentials, many state medical licensing boards have taken steps to beef up their review of medical credentials. Many have set up special subcommittees and task forces to examine the problem of bogus credentials and many others have put much stricter review criteria for graduates of foreign medical schools, while also doing a better job of exchanging information. In addition, tighter controls on national medical licensing tests are planned, spurred by reports of widescale cheating in recent years. These controls will include students seated in individual rooms monitored by hidden video cameras. Also, the national test taken by graduates of foreign medical schools seeking to practice in the United States, given by the Educational Commission for Foreign Medical School Graduates, will also be revamped this year to ensure that competency is adequately evaluated and measured.

Some states, such as Florida, have recently instituted stricter screening and review measures to protect its residents from fraudulent practitioners. Florida now requires applicants for teaching certificates to be fingerprinted which should enable officials to better screen out applicants who lie about their backgrounds.

CHART VI

Sharing of Information On Disciplined Professionals Among States

STATE	Routinely Share	Share Upon Request	Do Not Share
Alabama			
Alaska		X	
Arizona	X		
Arkansas		X	
California			
Colorado			
Connecticut			
Delaware			
Florida	X		
Georgia	X		
Hawaii			
Idaho			
Illinois		X	
Indiana		X	
Iowa			X
Kansas	X		
Kentucky			X
Louisiana			
Maine		X	
Maryland			
Massachusetts	X		
Michigan	X		
Minnesota	X		
Mississippi	X		
Missouri	X		
Montana	X		
Nebraska		X	
Nevada	X		
New Hampshire			
New Jersey			
New Mexico	X		
New York	X		
North Carolina	X		
North Dakota			X
Ohio			X
Oklahoma	X		
Oregon	X		
Pennsylvania		X	
Rhode Island			
South Carolina			
South Dakota			
Tennessee			
Texas			
Utah	X		
Vermont			
Virginia	X		
Washington	X		
West Virginia			X
Wisconsin	X		
Wyoming			X
District of Columbia			
TOTAL	20	7	6

Since the measure went into effect, Florida officials uncovered 225 applicants who failed to report prior arrests and convictions. About a dozen of those involved felony convictions or multiple arrest records.

The other major tool available to the states in controlling fraudulent credentials comes through the regulation of schools offering undergraduate, graduate and professional degrees within their boundaries. Today 47 of the 50 states, as well as the District of Columbia have in place some minimum requirements for private degree granting institutions. There is a great deal of variation between the states in terms of the stringency of these requirements. Most require these schools to meet minimum financial and academic standards which are set and administered by a commission on higher education. However, there are loopholes which are very attractive to diploma mills in some states which do require licensure. For example, California permits some universities to operate under a special provision of its licensure statute, which requires very little in the way of educational quality. This provision does require an annual affidavit and "full disclosure," but this is merely discriptive , not qualitative. The law warns:

> "Filing pursuant to this subdivision shall not be interpreted to mean, and it shall be unlawful for any instituteion to expressly or impliedly represent by any means whatsoever, that the State of California, Superintendent of Public Instruction ... has made any evaluation, recognition, accreditation, approval or endorsement of the course of study or degree."

Yet, a number of the 100 universities which operate under this provision have been known to advertise that they are "authorized by the California Superintendent of Public Instruction". California is certainly not alone in the relative "looseness" of its licensure requirements. Many states make the vague requirement that to be licensed, a school or college must "operate in conformity with state laws." Thus, to be licensed in these states would not appear to require any real evaluation of the quality of education offered.

As mentioned, there are still three states, Hawaii, Wyoming and Utah, which place no requirements on private degree granting institutions. For-profit schools simply have to be incorporated by the state — which simply involves the filing of a standard form and $50.00 or less. Because of this lack of control, diploma mills have flocked to these three states where they can legally conduct their business selling degrees. Arizona and Missouri used to be considered in the same group as Hawaii, Wyoming and Utah, but have just in the past year enacted legislation requiring licensure of all private degree-granting institutions.

Because of this great variance in licensing requirements placed upon institutions of higher learning and because of the critical importance of assuring a minimum level of academic quality in all such entitities, a set of suggested state standards should be devised and suggested to the states. At a minimum, all states should require all of its private schools to be licensed based on a review of its educational standards and some ongoing review to ensure continued compliance.

VII. ANALYSIS OF FEDERAL EFFORTS TO CONTROL FRAUDULENT CREDENTIALS

The lifelines of the diploma mill or any fraudulent degree peddler are the mail box and the telephone. The diploma mill does not have the alumni, faculty, campus, reputation and student body to attract its students as does an established university. Phony credential peddlers have to resort to placing advertisements in newspapers and magazines inviting potential "students" to write (usually to a Post Office Box number) or call (usually to an answering service) for information about how they might become "enrolled" and on their way to a degree. Because the bulk of their work is done through the mail and over the phone, the primary federal efforts to control fraudulent credentials come through enforcement of Federal wire and mail fraud statutes. Enforcement of these statutes lies under the purview of the United States Postal Service and the Federal Bureau of Investigation. The Subcommittees found that determined efforts by these agencies have met with successes which could be increased substantially with additional resources and strengthening of the federal mail fraud statute. This section summarizes the efforts of the U.S. Postal Service and the FBI in regard to fradulent credentials.

The Subcommittees were interested to learn of the efforts undertaken by the Veterans Administration and the U.S. General Accounting Office in regard to fraudulent medical credentials, following the Subcommittee on Health and Long-Term Care's December 1984 hearing on this subject. This Section reviews these efforts and their results.

A. United States Postal Service

The U.S. Postal Service, an independent federal agency, has been in existence for over 200 years. There is no doubt but that it provides an invaluable service to Americans. Last year the Service was responsible for delivering over 150 billion pieces of mail and it generated revenue of over $29 billion, utilizing a total of 730,000 employees. Within the postal service is a small group of 2,000 inspectors who are responsible for the security of mails, protecting, for example, against the loss of billions of dollars of negotiable Social Security checks. The Inspection Service is also responsible for keeping the mails free of non-mailable matters such as gunds and explosives. It spends 25 percent of its time trying to prevent mail fraud including the buying and selling of fraudulent credentials through the mail.

The Subcommittee first became interested in the work of the Inspection Service in the course of an investigation into medical quackery. The Subcommittee found that the mails are increasingly being used to market questionable "cures" and health care products, a $10 billion yearly enterprise. Moreover, it was learned that fully 60 percent of all medical quackery is directed at the elderly. In the course of the investigation, the Subcommittee and its staff conducted a fairly detailed study of the Postal Inspection Service. The Subcommittee learned that the 2,000 Postal inspectors are highly regarded in law enforcement circles. Several United States Attorneys of Assistant United States Attorneys went to great lengths to describe the effectiveness and professionalism of the Inspection Service.

The Postal Service inspectors have been successful in bringing literally hundreds of cases against individuals perpetrating frauds. They have uncovered and successfully brought cases ranging from business and investment frauds to health quackery, from life insurance frauds to medigap insurance fraud, from fraudulent interstate commerce practices to phony gift service rackets, from funeral insurance frauds to phoney degree peddling and other frauds, many of which are perpetrated against older Americans.

The Postal Inspection Service has had a long history of involvement in pursuing fraudulent credential peddlers doing their business through the mails. Perhaps the most remarkable of the many cases successfully uncovered and completed is one involving the brokering of medical credentials. In March of 1982, postal inspectors became suspicious of the activities of an Alexandria, Virginia resident, Pedro de Mesones, doing business as Medical Education Placement, Incorporated. An undercover "sting" operation by postal inspectors followed. The undercover operations, as well as evidence gathered through other means including the review of Mr. de Mesones' records, revealed the tremendous scope of this medical degree peddler's scheme. After a lengthy review and careful analysis of this evidence, the Postal Inspection Service identified 165 individuals who did business with Mr. de Mesones. Of this group, 98 obtained medical degrees from CETEC and 2 received degrees from CIFAS, both "medical schools" in the Dominican Republic. These individuals got there degrees primarily by paying Mr. de Mesones from $20,000–$28,000 and attending "graduation" exercises in the Dominican Republic at which their degrees were conferred. The Postal Service indicated last year that 44 of these "doctors" have passed examinations needed to enter residency programs in this country. Perhaps most disturbing is the fact at least five of Mr. de Mesones' clients have been granted full licenses to practice in the United States. These persons were but a small part of a broader diploma mill scheme involving some one and a half million dollars and untold injury and dollar damages to Americans receiving medical care from these "graduates".

The de Mesones case is one of many diploma mill/fraudulent credential peddler cases worked and currently being worked by the Postal Inspection Service. Follow up investigations into the individuals identified in the de Mesones case have resulted in some 50 federal prosecutions and numerous referrals to state agencies. Cases currently being developed include that of another large scale medical credential broker in the state of New York, and two other medical credential peddlers in the SouthWest and Western United States, both of which have had numerous clients. Postal has also been working cooperatively with the Federal Bureau of Investigation in its "Dipscam" operation which is described in the next subsection. In addition, the Postal Inspection Service has made and will continue a resource commitment to the Subcommittee on Health and Long-Term Care in its investigation into the scope of the fraudulent credential problem in the United States.

The Postal Inspection Service, as stated above, enforces the Federal mail fraud statute which has been in existence for more than 100 years. The statute, Title 18 of the United States Code, Section 1341, states basically that anyone using the mails for purposes of perpetrating fraud is commiting a Federal crime which is punishable by 5 years in jail and/or a $1,000 fine — a criminal statute. The Inspection Service also enforces a civil statute — Section 3005 of Title 39 of the U.S. Code. This provision relates to false representations made through the mails. The Inspection Service can therefore move against potential fraud either civilly or criminally. Its enforcement efforts however, are hampered by weaknesses of these two federal statutes.

As Chairman Pepper said on the Floor of the House in 1982:

> It is amazing to me that the Postal Service has been able to accomplish as much as it has, given these limitations. The irony is compounded by the fact that the Chief Postal Inspector of the U.S. Postal Service is the prototype for the Inspectors General that we have now established in every other government department and yet we have failed to give the Inspection Serrvice even the scintilla of the powers we have given to all the other Inspectors General.

A criminal investigation must be conducted under the aegis of the U.S. Attorney's Office, which must be convinced that there is a case and that the case is of such a significant magnitude that prosecution will be undertaken. As then Senator Frank Moss testified before the House Post Office Committee on May 20, 1982, it is an unhappy fact that only the largest of fraud schemes ever reach the level where they are considered important enough to be taken on by most U.S. Attorneys. However, it is only after convincing a U.S. Attorney's office that a case meets this criteria the the Inspection Service can proceed. In the words of Senator Moss:

> "The Inspection Service is in a Catch 22 situation. They can only proceed if they convince a U.S. Attorney that they have a case and they can only establish that they have a case if they do an ivestigation which of course is not possible until they convince a U.S. Attorney to let them do so."

Under the civil statute, Section 3005, the Inspection Service must build a strong enough case to convince an administrative law judge after formal hearings that there are false representations made with respect to one or more products sold through the mail. Senator Moss described this situation:

> In civil cases where false representations are made in advertising relating to matters sold through the mails, the Inspection Service has no way of obtaining access to the product described in an ad short of a test pruchase. The Serrvice needs the product in order to begin the investigation. Once the product is in hand, the Service can have it evaluated against the claims that are made about it in the advertising in question. The service, its attorneys and experts can then come to some conclusion about the veracity of the ads and decide whether or not to pursue a false representation case. The unscrupulous promoters understand this, therefore, they wait three months and fill all orders at once as they are going to get out of business. This means that by the time the Inspection

Service gets the product there is no recourse.

Before 1984, even if the Postal Service was successful in building a false representation case before an administrative law judge, all that happened was that a stop order was issued which barred the person who placed the ad from receiveing mail in response to the ad. The mail addressed to this individual was returned to the sender. The con men who make mail fraud their profession simply changed names or locations and continued the same schemes. In some cases they did not even do this, they flaunted the postal stop orders forsaking the mails in favor of telephone "800" toll-free numbers which they used to market the identical products which had been enjoined, often using the identical advertisement.

In 1984, legislation was passed strengthing this civil statute, closing many loopholes so that misrepresentations of products and services are more readily policeable. The Postal Service has already put this improvement into use with inspectors around the nation opening and successfully closing many misrepresentation cases under its provisions. This strengthening has thus been a great assistance to these law enforcement officials in their efforts to protect the American public from unscrupulous marketeers.

The Federal mail fraud statute, Title 18, Section 1341 of the U.S. Code, however, has not been strengthened. The maximum penalties under this provision, a $1,000 and/or a five-year prison sentence, have not been changed in many years. There are also no provisions in this statute which allow the Postal Inspection Service or the FBI to force a person convicted of mail fraud to forfeit his or her interest in any property gained from the offenses of which they are convicted or their interest in property used in committing those offenses. For example, Pedro de Mesones was convicted of violating the federal mail fraud statute in operating his medical credential brokering scheme. Despite the fact that de Mesones illegally earned some $1.5 million selling these credentials, the Postal Service could not sieze one cent of his profits.

In order to enhance federal enforcement efforts to combat the sale of fraudulent credentials through the mails, the Subcommittees suggest that the Congress act to strengthen the mail fraud statute. This strengthening should include raising the existing penalties for violation of the statute from $1,000 fines and/or 5 years in jail per offense to $10,000 fines and/or 15 years imprisonment per offense. The statute should also be amended to allow for criminal and civil seizure of assets gained from or used in the course of activities resulting in convictions under the statute. Enforcement officials agree that these changes would place penalties in proper relation to the potential harm posed by these kinds of frauds.

B. Federal Bureau of Investigation

The Federal Bureau of Investigation (FBI) is also vested with the authority to investigate violations and potential violations of the federal mail fraud statute described in the previous section of this report. In 1980, the FBI initiated an investigation (Operation 'Dipscam') into the availability of college and university degrees offered by "diploma mills" and non-existent schools. In what has been the most extensive federal review of fraudulent credential peddling, the FBI through Operation Dipscam has found that hundreds of diploma mills have graduated thousands of diploma seeking candidates in every field from architecture to zoology and from every level from bachelors to doctorate without concern for demonstration of actual learning or expertise.

The FBI has found that an individual could obtain a credentials from a wide selection of institutions by the meeting of one single requirement — the payment of a fee ranging from $25 for a meritorious citation to $28,000 for a medical degree complete with transcripts and letters of recommendation. They also found that a typical diploma mill has a "campus" ranging from a Post Office Box to the facade of a college. It advertises primarily through newspapers and magazines and conducts its business through the U.S. mails and by the telephone. No course work is required and no classes are attended, although transcripts of grades for courses allegedly taken are available. In addition, the FBI found that fraudulent diplomas may be issued in the name of the diploma mill itself or they may be falsified duplicates of diplomas issued by legitimate colleges and universities. During raids closing one diploma mills, FBI personnel have confiscated thousands of falsified diplomas identical to those conferred to graduates of such reputable institutions as Harvard, Yale, Emory, the University of Alabama as well as those of non-existent "sound-alike" schools. Examples of these degrees are displayed in the Appendix of this report.

The FBI's Operation Dipscam has included, to date, an estimated 50-60 separate investigations into the activities of diploma mills around the nation. These investigations have resulted in the conviction of 11 diploma mill operators and are expected to result in many more.

In its investigations, the FBI also reviewed diploma mill records to identify individuals who had purchased diplomas and degrees. Although school records were not available from all institutions investigated, over 7,400 individuals were identified by the FBI as having purchased on or more degrees from a diploma mill. The names of these fraudulent degree holders include some 200 federal government and 200 state government employees as well as one member of the Joint Chiefs of Staff, one member of the White House staff, one Secret Service technician, a chief of radiology in a Texas hospital, nuclear power plant engineers. These cases have been referred by the FBI to the appropriate federal and state agencies for action. These referrals have resulted in the identification of thousands of phoney professionals who had obtained positions based on their fraudulent degrees. For example, a list of state residents listed as having purchased these degrees referred from the FBI to the state of Alabama, revealed a man who had been licensed as a psychologist in both Texas and Alabama and was employed as a psychologist in a state mental health hospital, and had served as a court appointed expert on hundreds of legal cases based on a doctorate in psychology which he had purchased for $25. This phony had gone undetected by the State for 12 years.

The Subcommittees were informed that information on federal employees who purchased degrees was forwarded to the appropriate Inspector General or other investigative unit. Agencies identified as having employees who purchased degrees from diploma mills uncovered by the FBI include:

- Department of Defense:
    - Defense Logistics Agency
    - Defense Personnel Agency
    - Defense Mapping Agency
- Department of the Army
- Department of the Navy
- Department of the Air Force
- Department of Labor
- Department of Justice:
    - Bureau of Prisons
    - Sixth Circuit Court of Appeals
- Department of Commerce
- Department of the Treasury
- Department of State
- U.S. Postal Service
- Veterans Administration

On June 5, 1985, the Subcommittee on Health and Long-Term Care sent a questionaire to the Inspector General of each of these federal agencies to determine how many employees had been referred by the FBI as having suspect degrees or other credentials. In addition the questionaire sought information on the number of agency employees which had been hire or promoted based on these fraudulent credentials and what, if any, formal actions had been taken against these employees. Only two agencies, the Small Business Administration and the U.S. Postal Service acknowledged having received the FBI's referrals. These agencies told the Subcommittees that investigations into these referrals have been initiated.

C. Veterans Administration

The Veterans Administration (V.A.), which oversees a broad range of services for the millions of U.S. military veterans, is home to the nation's largest health care system. The V.A. employees some 94,000 physicians, nearly one out of every five doctors practicing in the United States.

Following up from the Subcommittee on Health and Long-Term Care's December 1984 hearing on fradulent medical credentials which revealed substantial laxities in federal and state agencies systems for checking the credentials of the physicians in each's hire, Chairman Pepper wrote Mr. Harry N. Walters, Administrator of the Veterans Administration, to inquire as to the V.A.'s policies and activities in this regard. Specifically, Chairman Pepper made the following queries:

1) What are the Veterans Administration's current policies and procedures for verifying credentials of graduates of both domestic and foreign medica

schools?

2) Identify action taken since December 1984 to verify the medical credentials employed by the Veterans Administration. Your comments should include the number of credentials verfied, as well as the results of the process.

3) Please comment on the extent of the "phony" doctor problem as it relates to your agency.

4) Please provide the formal policy and/or procedures of the Veterans Administration for addressing those individuals identified as "phony" doctors.

To this date, Chairman Pepper has not received a written reply from the Veterans Administration. Recent news reports indicate that the V.A. intends to review the credentials of all 94,000 physicians in its employ. Most recent information available to the Subcommittees indicates that V.A.'s review of 17,000 of its doctors has revealed 49 physicians practicing with problematic credentials. Many of these doctors had had their licenses revoked or suspended by State licensing boards. The V.A.'s review did not include its own independent verification of a doctor's education and training, instead it relied on the initial licensure reviews made by the States.

D. United States General Accounting Office

The U.S. General Accounting Office, the investigative arm of the Congress has conducted two studies into the problem of fraudulent or questionable medical credentials as it relates graduates of foreign medical schools. The GAO's first report, issued in November of 1980 while recognizing that there are many "first-rate" medical schools which produce excellent physicians, concluded that:

- "The foreign medical schools GAO visited (6) differed considerably, and the merits or problems of each school must be viewed separately. However, in GAO's opinion, none of them offered a medical education comparagle to that offered in the United States because of deficiencies in admission requirements, facilities and equipment, faculty, curriculum, or clinical training. While it is difficult to judge the adequacy of the foreign medical schools in all of these areas, a serious shortcoming of each school was the lack of adequate clinical training facilities."

The GAO also reported that the States, entrusted with the responsibility for granting licenses necessary for doctors to practice medicine in their borders, were particularly troubled in reviewing foreign medical school graduates. State medical licensing boards had no way of adequately assessing the education and training provided in foreign medical schools when deciding whether a candidate for licensure had an adequate medical education and was eligible to take the State licensing exam. They were left with the choice of travelling to make a site visit to the foreign medical-school or to simply accept or reject the applicant with no good knowledge about he or she's medical education.

Among the recommendations forwarded by the GAO in its 1980 report were that:

> "More appropriate mechanisms be developed to ensure that all students who attend foreign medical schools demonstrate that their medical knowledge and skills are comparable to those of their U.S. trained counterparts before they are allowed to enter the U.S. health care delivery system for either graduate medical education or medical practice.

Following the Subcommittee on Health and Long-Term Care's December 1984 hearing into fraudulent credentials at which the GAO presented testimony, the Chairman requested that the GAO undertake a study to update this 1980 review with special emphasis on federal, state and private activities pertaining to U.S. graduates of foreign medical schools.

In its report released September 29, 1985, the GAO concluded that none of its 1980 report recommendations had been implemented. Additionally, it concluded that:

> "While (Federal, State and private) agencies have taken steps to better control the problems presented by some foreign medica school graduates, a more concerted and coordinated approach is necessary... State medical boards possess neither

> the resources nor, in one case, the statutory authority to evaluate and approve hundreds of foreign medical schools."

The 1985 GAO report recommends a system for the accreditation of courses of study offered in foreign medical schools. Specifically, the GAO calls for federal legislation authorizing the Secretary of Health and Human Services to provide for the accreditation of foreign medical schools. The GAO suggests that this could be accomplished by the Secretary contracting with a private U.S. body such as the Liason Committee on Medical Education, which accredits U.S. medical schools) to review and accredit those standards used by the medical school accrediting bodies of foreign nations. Thus, if it is determined that a foreign country uses the same or comparable standards to those used in the United States in accrediting its medical schools, all schools accredited by that nation would be considered "accredited" for the purposes of the federal government. Medical schools in foreign countries without approved accrediting systems could apply for accreditation with the accrediting body here in the United States or with any other approved body.

The GAO lists the many advantages to this proposal including:

—Diminishing current concern over the adequacy and appropriateness of the training provided by foreign medical schools;

—Reducing the amount of verification of credentials (of graduates of foreign medical schools seeking to practice in the U.S.) required and thus conserving state and private resources now devoted to this effort;

—Eliminating the need for the Department of Education and the Veterans' Administration to develop criteria for assuring comparability between foreign medical schools and those in this country; and,

—Discouraging U.S. citizens from atending unaccredited medical schools if they plan to practice in the United States.

The Subcommittees conclude that such legislation is much needed to assure that all doctors caring for American citizens have received a quality medical education. Such legislation with a two year phase-in would also send a clear message to American students that in order to practice medicine in these United States, they will need to graduate from a school which does meet standards similar to those of accredited U.S. schools. Before American students and their families spend one dollar on a medical education outside of this country they will know that graduation from certain "schools" will not allow them to practice in the United States. The Subcommittees feel that it is important to stress that such a proposal represents a long-term quality assurance mechanism and would not effect any one who had matriculated into medical school on or before May 1, 1987.

VIII. RECOMMENDATIONS FOR ACTION

This report has documented the large and growing national problem fraudulent credentials present to American society. The Subcommittees found that up to 500,000 Americans are the holders of fradulent credentials, many of which were purchased through the mails for between $5 and $28,000 from the 150 to 500 diploma mills in operation around the United States. The Subcommittees found that while there are some enforcement tools available to and currently used by the Federal and State governments to combat this problem, inadequacies in these tools including poor availability of information and weak federal and state regulatory and enforcement provisions, severely limit this nation's ability to identify and prosecute the buyers and sellers of phony credentials.

The Subcomittees also found that without action, the problem of phony credentials will continue to grow. Widening gaps between the number of college graduates entering the job market and the number of jobs available to them will, ovur the next decade, add some 3 million to the pool of unemployed or underemployed Americans. Determined and coordinated action is clearly needed.

During the course of their investigation, the Subcommittees have developed a series of recommendations — to the Congress, state legislatures, private businesses, elderly consumers and others — aimed at providing much needed improvements.

- The Congress should consider legislation calling for strengthening of the federal mail fraud statute to increase existing penalties for violation of the statute from a $1,000 fine and/or 5 years imprisonment to a $10,000 fine and /or 15 years imprisonment per offense. These amendments should also include the granting the authority of federal agents to require forfeiture of all property gained from or used in the commitance of a convicted offense of the statute.

- The Congress should consider legislation calling for the establishment of a computerized national clearinghouse on fraudulent credentials. This clearinghouse should include up to date information from every state of the nation on individuals identified as is the possession of fraudulent credentials whether licensed or not as well as information on individuals disciplined or awaiting disciplinary action by State licensing boards. This information should be regularly accessible to those in federal and state governments for the identification and disciplinary action, as well as private businesses and consumers in order that they might protect themselves against fraudulent practitioners.

- Congress should consider legislation establishing a system to assure that all physicians practicing in the United States have completed courses of study of same or comparable quality to those of accredited U.S. medical schools. This legislation, recommended by the General Accounting Office in its September 1985 report to Chairman Pepper, would require the Secretary of the Department of Health and Human Services to provide for a system of accreditation of courses of medical education provided outside the United States.

- States should require that all of its private schools meet certain measures of academic competency and financial stability and be reviewed on a continual basis. States should assure that it is unlawful to operate a private learning institution without a license and should provide for aggressive systems for identifying and prosecuting violators.

- State Licensing Boards should actively enforce high standards of professional practice and ethical conduct. They should aggressively enforce State professional practice acts to the fullest degree possible.

- Elderly consumers should use caution in employing professionals. The Subcommittees recommend that seniors check with the State licensure board for the particular occupation of interest or their State or County Department of Consumer Affairs to make certain that an individual actually has a license and if he or she has had any disciplinary action taken against them.

- Private employers should make standard practice of following careful hiring precautions. Employers or their agents should standarly check the educational background supplied by job applicants with the registrar of the alma mater listed. Thorough questioning of job applicants regarding their stated employment and educational background in addition to the checking of all references given by the applicant should be excellent safeguards against hiring fraudulent credential holders.

IX. SUMMARY AND CONCLUSIONS

The Subcommittees found that fraudulent credentials are easy and cheap to obtain, increasing in numbers, are not confined to a particular occupation or national region, are stimulated by current education and employment trends involving competition for fewer jobs where credentials are critical employment criteria, and not easy to detect or deter due to current regulatory enforcement and licensing laws. Action to curb the proliferation of the growing illegal market is called for and until action is taken, the consequences for society, employers, institutions of higher learning, non-traditional learning situations and tomorrow's future academic and professional consumer will continue to be tragically touched by deception.

With some improvements at the Federal, State, and local levels, the potential for such fraud can be greatly reduced.

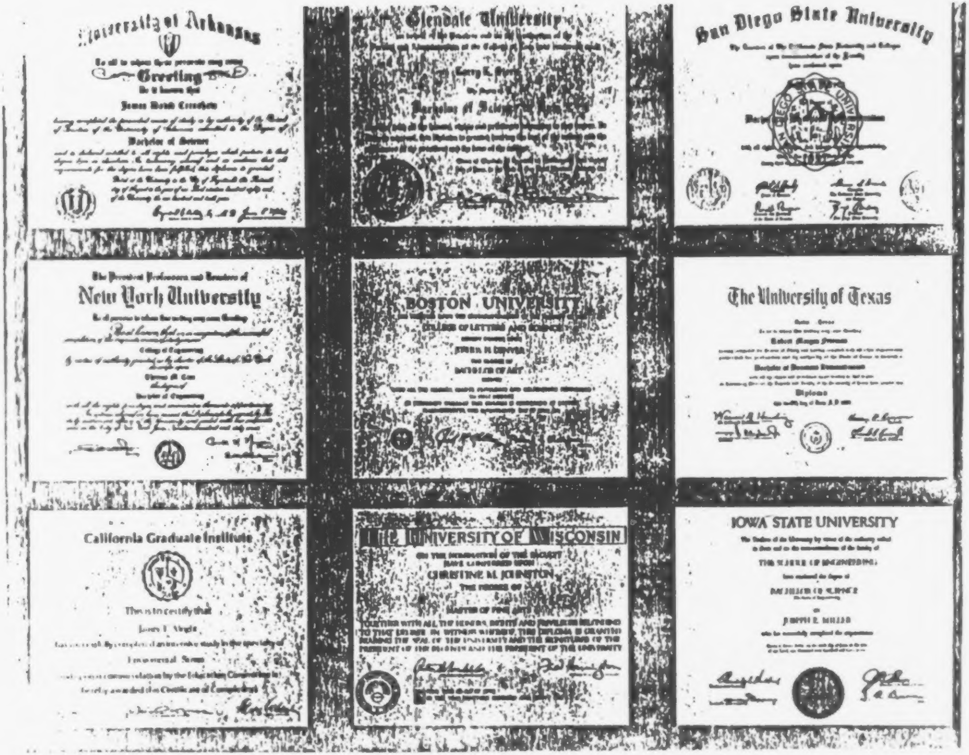
It is our sincere hope that the product of our inquiry will serve to sensitize this Nation as to the need to act immediately to correct the problems associated with the rise of fraudulent credentials.

X. APPENDICES

APPENDIX I:
REGIONAL ACCREDITING AGENCIES: A STATE-BY-STATE BREAKDOWN

STATE	REGIONAL ACCREDITING AGENCIES
Alabama	Southern
Alaska	Northwest
Arizona	North Central
Arkansas	North Central
California	Western
Colorado	North Central
Connecticut	New England
Delaware	Middle States
Florida	Southern
Georgia	Southern
Hawaii	Western
Idaho	Northwest
Illinois	North Central
Indiana	North Central
Iowa	North Central
Kansas	North Central
Kentucky	Southern
Louisiana	Southern
Maine	New England
Maryland	Middle States
Massachusetts	New England
Michigan	North Central
Minnesota	North Central
Mississippi	Southern
Missouri	North Central
Montana	Northwest
Nebraska	North Central
Nevada	Northwest
New Hampshire	New England
New Jersey	Middle States
New Mexico	North Central
New York	Middle States
North Carolina	Southern
North Dakota	North Central
Ohio	North Central
Oklahoma	North Central
Oregon	Northwest
Pennsylvania	Middle States
Rhode Island	New England
South Carolina	Southern
South Dakota	North Central
Tennessee	Southern
Texas	Southern
Utah	Northwest
Vermont	New England
Virginia	Southern
Washington	Northwest
West Virginia	North Central
Wisconsin	North Central
Wyoming	North Central
District of Columbia	Middle States

APPENDIX II:
SAMPLE OF DEGREES OBTAINED THROUGH FBI'S "OPERATION DIPSCAM," BEGUN 1980



University of Arkansas

Greeting

Bachelor of Science

Glendale University

San Diego State University

New York University

College of Engineering

Boston University

College of Letters and Science

Bachelor of Art

The University of Texas

Diploma

California Graduate Institute

This is to certify that

The University of Wisconsin

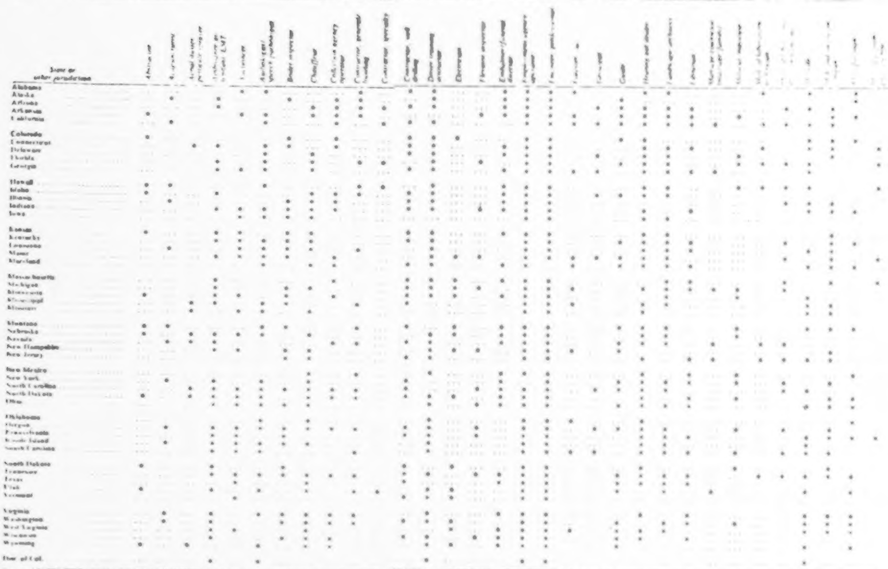
Christine M. Johnston

Master of Fine Arts

Iowa State University

Bachelor of Science

OCCUPATIONS REGULATED IN THE STATES



State or other jurisdiction
Alabama
Alaska
Arizona
Arkansas
California

Colorado
Connecticut
Delaware
Florida
Georgia

Hawaii
Idaho
Illinois
Indiana
Iowa

Kansas
Kentucky
Louisiana
Maine
Maryland

Massachusetts
Michigan
Minnesota
Mississippi
Missouri

Montana
Nebraska
Nevada
New Hampshire
New Jersey

New Mexico
New York
North Carolina
North Dakota
Ohio

Oklahoma
Oregon
Pennsylvania
Rhode Island
South Carolina

South Dakota
Tennessee
Texas
Utah
Vermont

Virginia
Washington
West Virginia
Wisconsin
Wyoming

Dist. of Col.

Source: U.S. Department of Labor, Office of Research and Development, Employment and Training Administration, *Directory of State Licensed Occupations*, 1980.

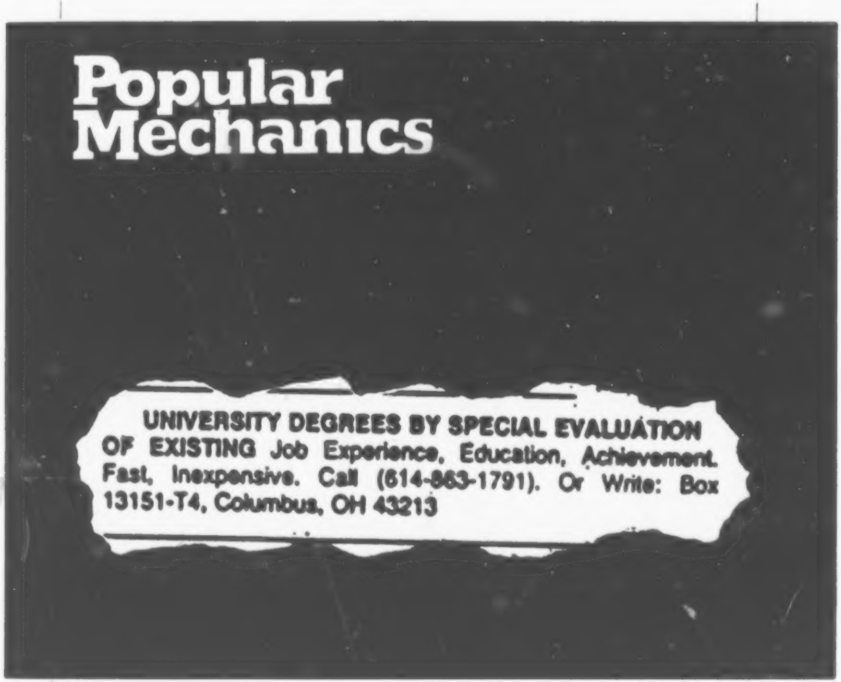
Note: In addition to the occupations listed in the table, the following are regulated in all jurisdictions: Accountant, Architect, Attorney, Barber, Chiropractor, Cosmetologist, Dental Hygienist, Dentist, Insurance Agent, Licensed Practical Nurse, Registered Nurse, Optometrist, Osteopath, Pharmacist, Physical Therapist, Physician/Surgeon, Podiatrist, Real Estate Agent, Primary School Teacher, Secondary School Teacher.

● — [illegible] indicated these occupations were [illegible]

Reprinted from *The Book of the States, 1982-83* (forthcoming), published by The Council of State Governments.

OCCUPATIONS REGULATED IN THE STATES

[illegible]



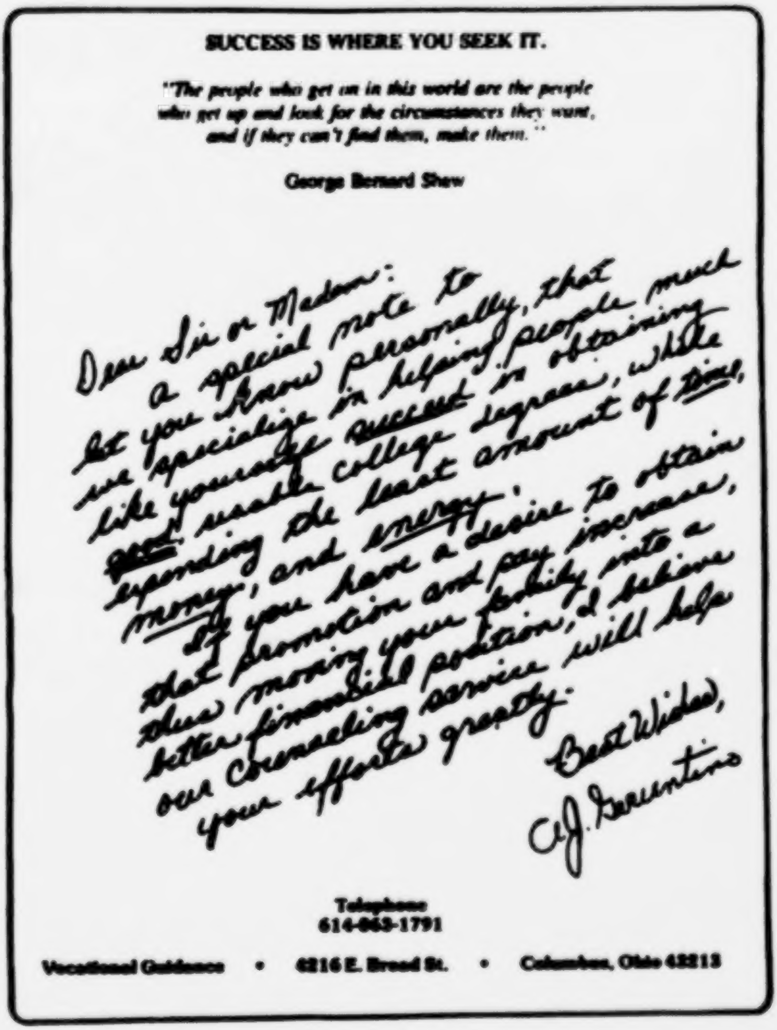
Popular Mechanics

UNIVERSITY DEGREES BY SPECIAL EVALUATION OF EXISTING Job Experience, Education, Achievement. Fast, Inexpensive. Call (614-863-1791). Or Write: Box 13151-T4, Columbus, OH 43213

CHART No. 1

YES, IT IS NOW POSSIBLE TO HONESTLY OBTAIN A COLLEGE DEGREE FROM MANY COLLEGES WITHOUT ATTENDANCE OR ACTUALLY SETTING FOOT ON CAMPUS.

CHART NO. 2



SUCCESS IS WHERE YOU SEEK IT.

"The people who get on in this world are the people who get up and look for the circumstances they want, and if they can't find them, make them."

George Bernard Shaw

Dear Sir or Madam:
A special note to
let you know personally, that
we specialize in helping people much
like yourself succeed in obtaining
and usable college degrees, while
expending the least amount of time,
money, and energy.
If you have a desire to obtain
that promotion and pay increase,
plus moving your family into a
better financial position, I believe
our Counseling service will help
your efforts greatly.

Best Wishes,
A.J. Gerentino

Telephone
614-863-1791

Vocational Guidance • 4216 E. Broad St. • Columbus, Ohio 43213

Chart No. 3

April 29, 1985

VOCATIONAL GUIDANCE
Telephone 614-863-1791
Office Hours 9:00 a.m. - 5:00 p.m.
4216 E. Broad St., Columbus, Ohio 43213

C. D. Pepper (PERSONAL)
9509 Burkelake Road
Butke, VA 22015

Dear Mr. Pepper:

After receipt of your questionnaire regarding a need for a Doctorate degree in Psychology, I did some basic research. I looked for a school with the requirements that you expect with the thoughts of a cost savings to you.

In the field of Psychology, I would suggest two options for you to review, consider and then possibly pursue. For a program that would require considerable work, and provide you with credit toward your degree, I recommend you write the following schools.

Option (1)

Fully Accredited	Beacon College 2706 Ontarion Rd. N.W. Washington, D.C. 20009
Fully Accredited	Goddard College Plainfield, VT. 05667
Non Accredited	Clayton University P.O. Box 16150 Clayton, Missouri 63105
Fully Accredited	University of California Berkeley, CA. 94720

CHART NO. 4A

Mr. Pepper, because I have worked with Mr. Suzuki, (External Program Director) in the screening of applicants for Union University, our firm is establishing a high success rate regarding clients that our firm has submitted to the school previously. Mr. Suzuki did indicate that because of your existing education and wealth of experience advisor requirements can be waived as I shall be handling your program personally. Your degree program can be expeditiously handled.

If you wish me to act in your behalf in obtaining your degree through this option please submit a total service fee of $1780.00 payable to VOCATIONAL GUIDANCE INC. Your fee covers all services, special evaluations, degree and transcript, permanent record storage, administration costs including a FULL degree verification service by the school and student support to any persons or organizations whom you wish to notify of your degree award.

Union University, founded in 1974 is well respected, authorized by the State of California, Department of Education, is a member of The California Private School Association and the local Chamber of Commerce.

CHART No. 4B

I understand that this degree is a legal academic award to be used by me only and is awarded to me through the External degree program of Union University of the state of California. I do permit Vocational Guidance, Inc. to act in my behalf in securing my degree. I also understand that if it is found that I am unqualified, I will receive a FULL refund of my total fee of $1780.00 via telegram, within 48 hours of notification. No refund is available upon degree approval.

C. D. Pepper. C. D. Pepper .... 5/21/85.
Signature Date

Please return this page of the letter with your background qualifications, Application for admission, and evaluation fee. If you have any questions please write or call me if you wish to pursue this option.

Respectfully yours,

Anthony J. Geruntino

Anthony J. Geruntino
Senior Guidance Consultant

P.S.

Please note: I have negotiated waiving of the faculty advisor and the admissions fees.

AJG/aj

CHART NO. 5A

COLLEGE DEGREE COUNSELLING QUESTIONNAIRE

(Please note that no medical or law degrees are available.)

All questions are optional, but the more I know, the better I can help you.
All information is strictly confidential.

My name is:

Name C.D. Pepper Sex M
Address 9500 [illegible] Rd
City Burke State VA Zip 22015
Phone ___ Age 87 [illegible] [illegible]

Marital status ☑ single ☐ married
Veteran? ☐ yes ☑ no
Any physical handicaps that might affect learning process? ☐ yes ☑ no

What I have done. ☐ See resume attached.

Present occupation (employer, duties, how long): self-employed counselor and consultant to public and private agencies on issues involving [illegible]

Previous employment (employer, duties, how long): Same for over 30 yrs

Educational background: ☑ See resume attached.

High school diploma? ☑ yes ☐ no Last grade completed ___

Traditional (residential) colleges/universities attended:

School	Major	Degree	Years attended	Grade average
varied and intermittent				

Other learning experiences (travel, volunteer work, special training, military, seminars, etc. Describe briefly) ☐ See resume attached.

Considerable travel, volunteer work and seminars, all relating to my counseling and consulting work

I am interested in a [illegible] degree in: Ph.D. Psychology or Gerontology

Are you enrolled in any degree program now? ☐ yes ☑ no

School ___ Degree ___

Have you gotten catalogs from schools that interest you? Which ones? No

Please relate anything else you think may be relevant. Do not send original transcripts or other documents, please send copies only.

My degree must meet these requirements.

CHECK ONE OR MORE. CIRCLE THE MOST PREFERABLE.

The degree I am interested in is: ☐ Associate ☐ Bachelor ☐ Masters ☑ Doctorate
(If more than one please check)

- ☑ Want to study by correspondence.
- ☐ I could spend as much as a week on campus.
- ☐ I could spend 2 to 4 weeks on a campus a year.
- [✓ ☑ My degree must be verifiable and transcripts eventually sent to employer.]
- ☑ Degree must be fully accredited by accrediting agency recognized by U.S. Office of Education.
- [✓ ☑ Degree can be nonaccredited as long as it is legal.]
- ☑ Degree from any school is acceptable as long as it is legal and state chartered.

Length of time to earn a degree: (check preferred time; circle maximum possible time)

☑ 1-2 months ☐ 3-4 months ☐ 6-8 months ☐ 9-12 months ☐ 12-18 months ☐ over 18

Cost of degree program (check preferred amount; circle maximum acceptable amount)

[✓ ☑ [illegible]] ☐ [illegible] ☐ [illegible] ☐ [illegible] ☐ [illegible]

Program must be able to be paid in one lump sum if required? ☑ yes ☐ no

Please check the statements which best describe your situation.

- ☑ I already have the knowledge. I am just interested in getting the degree quickly.
- ☑ Basically I want the degree, money is not a problem but time is.
- ☐ I am going overseas and a degree is required to obtain a job.
- ☐ I need the degree for an immediate promotion.
- ☑ I own my own company and need a degree to improve the company's image.
- ☑ I need a degree to advance in my field.
- ☐ I am retired and want the degree for personal satisfaction only.
- ☐ I am mostly interested in learning more in my field, but I wouldn't mind having a degree, too.

Send this form, with cash, check or Money Order for $[illegible], or credit card information to:

VOCATIONAL GUIDANCE
[illegible] EAST BROAD STREET
COLUMBUS, OHIO 43213
TELEPHONE (614) [illegible]

It takes time to read and carefully evaluate your situation, and prepare a personal reply. Your assigned professional counselling

CHART No. 5B

A LIST OF BOOKS READ BY C.D. PEPPER,
CANDIDATE FOR PH.D. IN PSYCHOLOGY AT UNION UNIVERSITY

List includes but is not limited to:

1. Decline and Fall of the Roman Empire, Edward Gibbon
2. Too Old, Too Sick, Too Bad, Frank E. Moss and Val Halamandaris
3. The Power of Positive Thinking, Dr. Norman Vincent Peale
4. August 1914, Alexander Solzhenitsyn
5. Pulling Your Own Strings, Dr. Wayne Dyer
6. Plain Speaking, Merle Miller
7. Life Extension - A Practical Scientific Approach, Durk Pearson and Sandy Shaw
8. The Confessions, Jean-Jacques Rousseau
9. The Macrobiotic Approach to Degenerative Disease, Michio Kushi
10. The Powers That Be, David Halberstam
11. The Divine Comedy, Dante
12. Why Survive?, Dr. Robert Butler
13. Behind Closed Doors, Richard Gelles
14. Sunrise at Campobello, Dore Schary
15. The Microbiology of Cancer, Dr. Virginia Livingston Wheeler
16. The Republic, Plato
17. The Rise and Fall of the Third Reich, Albert Speer
18. Richard III, William Shakespeare
19. Aging Slowly, Myron Brenton
20. A Distant Mirror, Barbara Tuchman
21. Justice, Richard Kleindienst
22. Physician's Guide to the Diagnosis the Diagnosis and Treatment of Depression in the Elderly, Thomas Crook, Ph.D.
23. Aging in the 1980s: Psychological Issues, Leonard W. Poon
24. The Senior Citizen Medical and Health Guide, Dr. Alan B. [illegible]

25. Behind Closed Doors: Violence in the American Family, Richard J. Gelles, Murray A. Straus, Suzanne K. Steinmetz.
26. Older, Wiser, Stronger, Mary Eldridge
27. Gerontology in Higher Education, Harvey L. Sterns
28. Preventive Care, Alice Hornbaker
29. Mental Health and the Elderly, Report of the President's Commission on Mental Health
30. Mental Health and the Law, Edward B. Beis
31. Legal Aspects of Health Care Reimbursement, Robert J. Buchanan
32. Strategic Self-Hypnosis, Roger A. Straus, Ph.D.
33. Abnormal Psychology, Barbara Sarason
34. Rational Behavior Therapy, Dr. Maxie C. Maultsby, Jr.
35. The Pursuit of Loneliness, Philip Slater
36. Stress and Burnout, Barry A. Farber
37. In the Mind's Eye, Arnold Lazarus, Ph.D.
38. Consumer Health, Harold J. Cornacchia
39. Anatomy of an Illness, Norman Cousins
40. Consumer Health Products and Services, Jessie Helen Haag
41. American Folk Medicine, W.D. Hand
42. Shopping for Health Care: The Essential Guide to Products and Services, Harold Cornacchia, Ed. D.
43. Your Basic Guide to Nutrition, Frederick Stare, M.D., and Virginia Aronson, R.D.
44. Your Guide to Physical Fitness, Ellington Darden, Ph.D.

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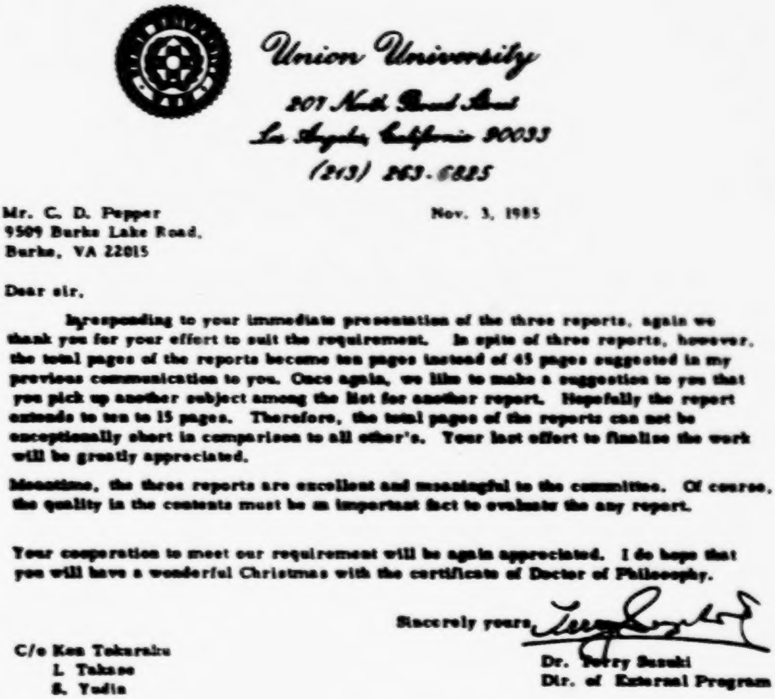
CHART NO. 6



Union University
207 North Broad Street
Los Angeles, California 90033
(213) 263-6885

Mr. C. D. Pepper
9509 Burke Lake Road,
Burke, VA 22015

Nov. 3, 1985

Dear sir,

Inresponding to your immediate presentation of the three reports, again we thank you for your effort to suit the requirement. In spite of three reports, however, the total pages of the reports became ten pages instead of 45 pages suggested in my previous communication to you. Once again, we like to make a suggestion to you that you pick up another subject among the list for another report. Hopefully the report extends to ten to 15 pages. Therefore, the total pages of the reports can not be exceptionally short in comparison to all other's. Your last effort to finalize the work will be greatly appreciated.

Meantime, the three reports are excellent and meaningful to the committee. Of course, the quality in the contents must be an important fact to evaluate the any report.

Your cooperation to meet our requirement will be again appreciated. I do hope that you will have a wonderful Christmas with the certificate of Doctor of Philosophy.

Sincerely yours,

Dr. Terry Suzuki
Dir. of External Program

C/o Ken Takaraiu
I. Takase
S. Yudin

Chart No. 7

Extension Division 607 So. Parkview Street, Los Angeles, CA 90057

CHART No. 8A

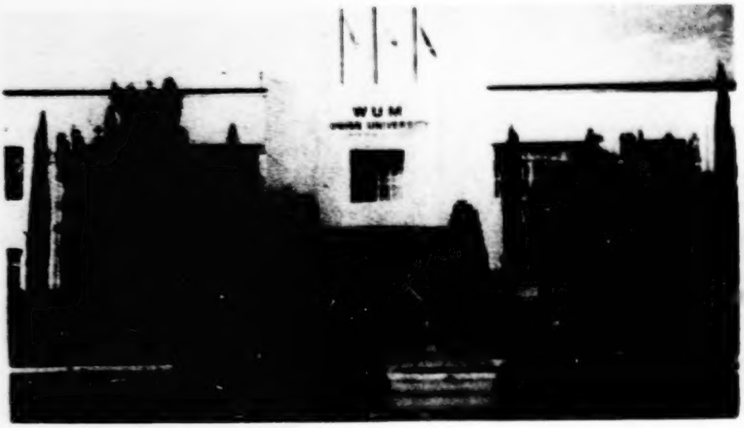


Chart No. 8B

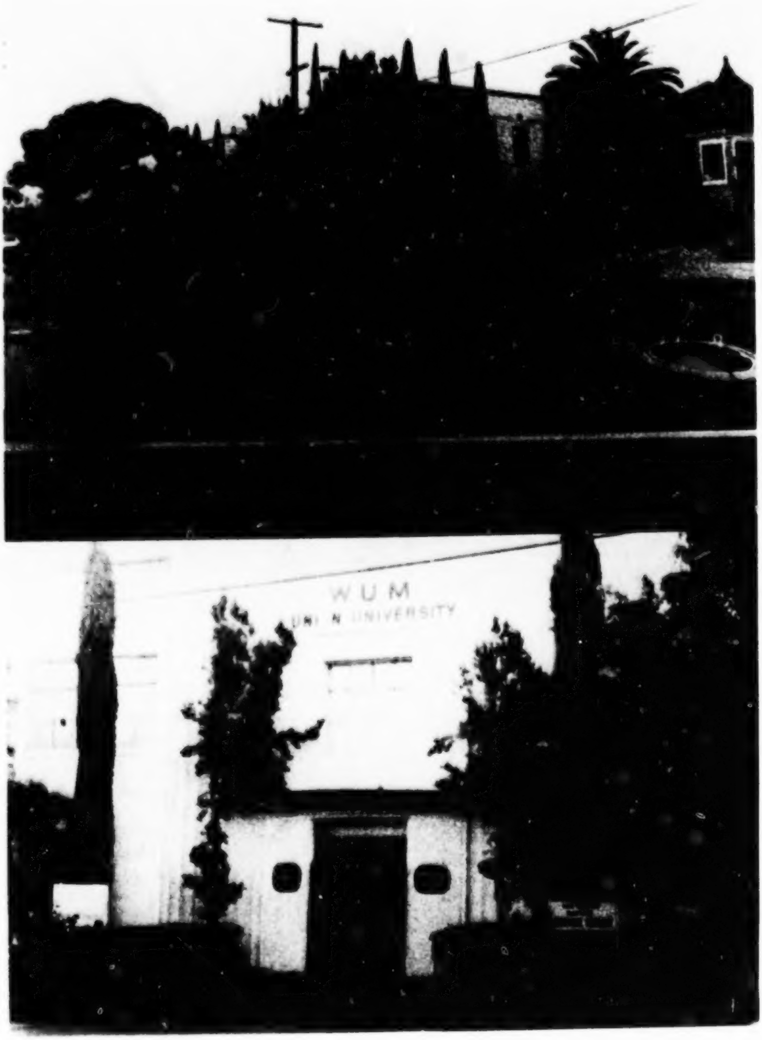

W U M
UNI N UNIVERSITY

Chart No. 8C

Union University
207 North Broad Street
Los Angeles, California 90033
(213) 263-6825

Sept 15, 1985

Mr. C. D. Pepper
9509 Burke Lake Road
Burke, VA 22015

Dear Sir,

Thank you for your immediate respone to my request. Concerning process of your application, I determined to take an exceptional procedure as follows:

Among names of books listed, I encourage you to pick up three most favorable books and make a special research project on each. The report is preferred to be over 15 pages for 1st report, 20 pages for 2nd and 25 pages for 3rd.

When these reports are completed and pass the review by dissertation's comittee, I try to convince to chancellor that you have enormous experiences, knowledge, and ability on the management aspect.

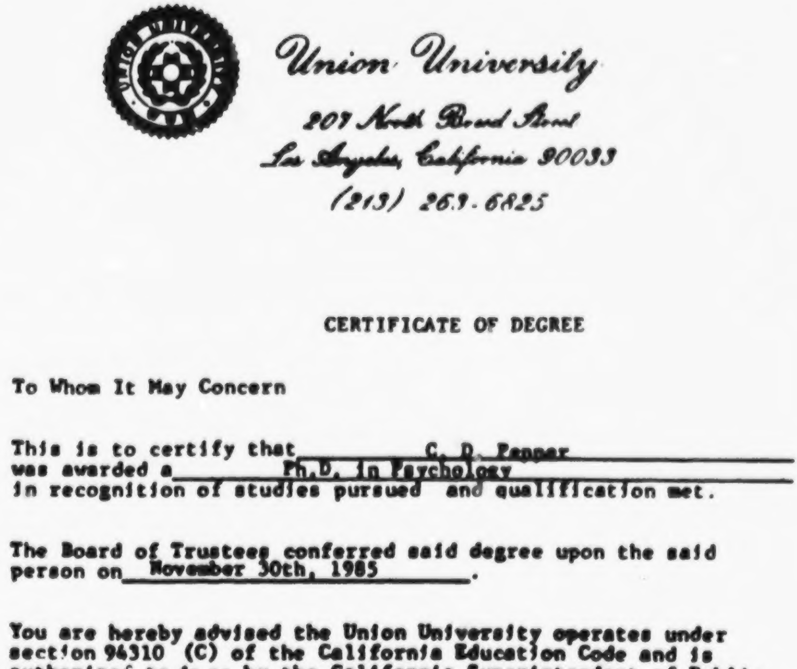
However, I prefer you take subject in pertaining to senior citizen circle. Your cooperation on my effort to aid your goal will be greatly appreciated. Again, since I had organized and participated in a local senior citizen org. I would like to be your Ajunct Faculty, if I am allowed you to serve. I respect your great experience in this area.

Sincerely yours,

Terry Suzuki

Dr. Terry Suzuki

CHART NO. 9



Union University
207 North Broad Street
Los Angeles, California 90033
(213) 263-6825

CERTIFICATE OF DEGREE

To Whom It May Concern

This is to certify that C. D. Penner was awarded a Ph.D. in Psychology in recognition of studies pursued and qualification met.

The Board of Trustees conferred said degree upon the said person on November 30th, 1985.

You are hereby advised the Union University operates under section 94310 (C) of the California Education Code and is authorised to do so by the California Superintendent of Public Instruction.

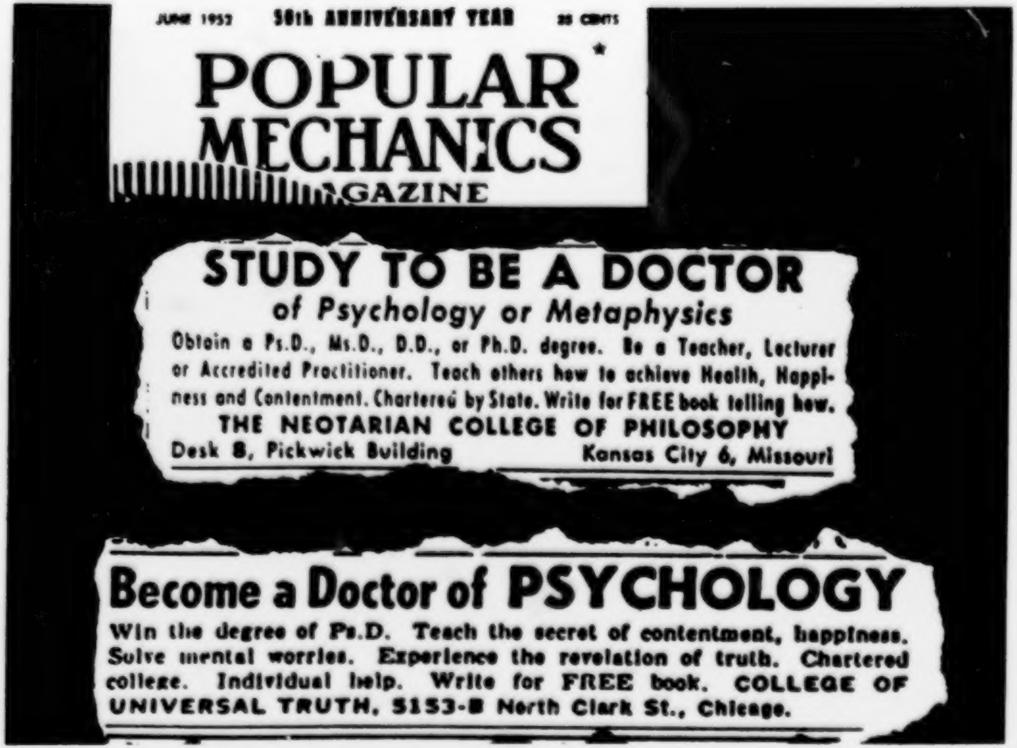
In witness whereof the Seal of the Union University is hereunto affixed.

Sincerely yours

Kenji Tokuraku
Registrar

KT/jn

CHART NO. 10



JUNE 1952 50th ANNIVERSARY YEAR 25 CENTS

POPULAR MECHANICS MAGAZINE

STUDY TO BE A DOCTOR

of Psychology or Metaphysics

Obtain a Ps.D., Ms.D., D.D., or Ph.D. degree. Be a Teacher, Lecturer or Accredited Practitioner. Teach others how to achieve Health, Happiness and Contentment. Chartered by State. Write for FREE book telling how.

THE NEOTARIAN COLLEGE OF PHILOSOPHY
Desk 8, Pickwick Building Kansas City 6, Missouri

Become a Doctor of PSYCHOLOGY

Win the degree of Ps.D. Teach the secret of contentment, happiness. Solve mental worries. Experience the revelation of truth. Chartered college. Individual help. Write for FREE book. COLLEGE OF UNIVERSAL TRUTH, 5153-B North Clark St., Chicago.

Chart No. 11—Ads for fraudulent degrees are not a recent phenomenon, as these examples from a 1952 Popular Mechanics show.